

**IN RE: PROPOSED REVISIONS TO THE
PRICE REGULATION AND LOCAL
COMPETITION PLAN.**

DOCKET 28590

**ORDER APPROVING ALABAMA TELECOMMUNICATIONS
REGULATION PLAN**

BY THE COMMISSION:

Pursuant to Order entered in this cause on November 5, 2004, the Commission sought comments from interested parties regarding the Staff's proposed revisions to the Alabama Telecommunications Regulation Plan (the "ATRP") which resulted from the numerous workshops conducted in this matter. The revised ATRP proposed by the Staff was attached to the Commission's November 5, 2004 Order as Appendix A thereto.

The Commission received Initial Comments in response to the November 5, 2004 Order from BellSouth Telecommunications, Inc ("BellSouth"), the Non-BellSouth ILECs¹, ITC DeltaCom Communications, Inc ("ITC DeltaCom"), AT&T Communications of the South Central States, LLC ("ATT"), Knology of Alabama, Inc ("Knology"), BellSouth Long Distance ("BSLD") and the office of the Attorney General of Alabama

¹ ALLTEL Alabama, Inc.; Ardmore Telephone Company, Inc.; Blountsville Telephone Company; Butler Telephone Company, Inc.; Brindlee Mountain Telephone Company; Castleberry Telephone Company, Inc.; CenturyTel of Alabama, LLC; Farmers Telephone Cooperative, Inc.; GTC, Inc. d/b/a GT Com; Frontier Communications of Alabama; Frontier Communications of Lamar County; Frontier Communications of the South, Inc.; Graceba Total Communications, Inc.; Gulf Telephone Company; Hayneville Telephone Company, Inc.; Hopper Telecommunications Co., Inc.; Interstate Telephone Company; Millry Telephone Company, Inc.; Mon-Cre Telephone Cooperative, Inc.; Moundville Telephone Company, Inc.; National Telephone of Alabama, Inc.; New Hope Telephone Cooperative, Inc.; Oakman Telephone Company, Inc.; Otelco Telephone, LLC (formerly Oneota Telephone Company, Inc.); Peoples Telephone Company, Inc.; Pine Belt Telephone Company, Inc.; Ragland Telephone Company, Inc.; Roanoke Telephone Company, Inc.; Union Springs Telephone Company and Valley Telephone Company

(the "AG"). Reply comments were received from BellSouth, the Non-BellSouth ILECs, ITC DeltaCom, ATT and the AG.

The Commission also received a December 14, 2004 notice from BellSouth and the Non-BellSouth ILECs indicating that BellSouth had reached an understanding with the Non-BellSouth ILECs regarding certain intercarrier compensation issues that had been in dispute between the parties. In particular, BellSouth and the Non-BellSouth ILECs reported that their disputes related to Area Calling Service traffic exchanged between the parties over common trunk facilities had been resolved. The aforementioned resolutions reached by BellSouth and the Non-BellSouth ILECs prompted the Non-BellSouth ILECs to withdraw their previous proposal for the establishment of an Access Reduction Fund in Alabama and to revise their previous proposal for optional Local Calling Plans.²

Having considered the recommendations of Staff and the matters set forth in the Initial and Reply Comments referenced above, the Commission finds that the ATRP attached hereto as Appendix A is due to be approved. We find said plan to be the most appropriate and reasonable means of allowing regulated telecommunication carriers in Alabama to respond to market pressures while at the same time maintaining the degree of regulatory control that appears to be necessary at this juncture to protect the telecommunications consumers of Alabama. As noted in the ATRP, the Commission oversight of the plan and the results it dictates will be continuous. The Commission will, in a manner consistent with the provisions of the ATRP, make modifications to the plan as deemed appropriate.

² The target implementation date for the Local Calling Plans will be within ninety (90) days of Commission approval.

We note that the Commission's adoption of the plan attached hereto as Appendix A does not supplant or supersede previous orders of this Commission regarding unbundled network element availability and pricing which remain consistent with State and Federal Law. Indeed, the Commission is not, with the approval of this Order relinquishing any regulatory duties or responsibilities pursuant to Alabama and/ or Federal Law, where applicable.

IT IS SO ORDERED BY THIS COMMISSION.

IT IS FURTHER ORDERED BY THIS COMMISSION, That jurisdiction in this cause is hereby retained for the issuance of any further order or orders as may appear to be just and reasonable in the premises.

IT IS FURTHER ORDERED, That this Order shall be effective as of the date hereof.

DONE at Montgomery, Alabama, this 27th day of December, 2004.

ALABAMA PUBLIC SERVICE COMMISSION

Jim Sullivan, President

Jan Cook, Commissioner

George C. Wallace, Jr., Commissioner

ATTEST: A True Copy

Walter L. Thomas, Jr., Secretary

APPENDIX A STAFF PROPOSED ALABAMA TELECOMMUNICATIONS REGULATION PLAN

The Alabama Telecommunications Regulation Plan (the “TELCOM REG PLAN” or the “ATRP”) is applicable to those telecommunications service providers, defined herein, regulated by the Alabama Public Service Commission. In recognition of the fact that there are distinct regulatory requirements pertinent to each type service provider, the Telecommunications Regulation Plan is separated into parts applicable to each. Part I applies to BellSouth Telecommunications Company, Inc. Parts II and III apply to other Incumbent Local Exchange Carriers (“ILECs”), Part IV applies to Large Competitive Local Exchange Carriers (“CLECs”) and Part V applies to Small CLECs, Toll Carriers and Toll Resellers (“Small CLECs”). Each Part of the TELCOM REG PLAN stands on its own.

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PART I

BELLSOUTH PRICE FLEXIBILITY PLAN

1. APPLICABILITY OF THE BELLSOUTH PRICE FLEXIBILITY PLAN

The BellSouth Price Flexibility Plan (“the Bell Plan” or the “Plan”) for BellSouth Telecommunications, Inc. (“BellSouth”) will apply to all telecommunications services offered by BellSouth and regulated by the Alabama Public Service Commission (hereinafter referred to as “the Commission”).

2. DEFINITIONS

- A. “Bundled Services” are a combination of services offered as a package, whether at a single price or with the availability of the price for one contingent on the purchase of the other(s). A Bundled Service may be comprised of any telecommunications service or non-telecommunication service offered by BellSouth in any combination with telecommunication or non-telecommunication service(s) offered by a BellSouth affiliate and/or with a non-affiliated third party provider.

- B. “Contract Service Arrangement” (“CSA”) is an arrangement wherein BellSouth provides services pursuant to a contract between BellSouth and customers in Tier I where competitive alternatives are known to exist and in Tier II and Tier III in response to a competitive alternative or other unique circumstances¹. Such arrangements include situations in which the services are not otherwise available through BellSouth’s tariffs, as well as situations in which the services are available through BellSouth’s tariffs, but BellSouth offers those services at prices other than those specified in BellSouth’s tariffs.
- C. “Customer Value Program” (CVP) is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-regulated service and/or non-telecommunications service by BellSouth to eligible customers in BellSouth’s service area. Customers subscribing to such programs will receive ongoing benefits for a duration that may exceed ninety (90) calendar days. Essentially, CVPs are long-term promotions (greater than 90 days in duration).
- D. “Effective Date” is the proposed date on which a new tariff or tariff revision is considered effective. The Effective Date is based on a specified number of Work Days following, but excluding, the File Date.²
- E. “Eligibility Criteria” are the factors used to determine the customers and/or potential customers who would qualify for a Promotion, Customer Value Program, Marketing/Technical Trial, or Bundled Service: i.e., current services or services a customer must subscribe to, monthly spend, service or usage volume, term commitment, geographic location, such as wire center, and/or any other identifiable characteristic.
- F. “File Date” is the official date recorded by the office of the Director of the Commission’s Administrative Division (Commission Secretary) for any proposed tariff or tariff revision submitted by a telecommunications provider and accepted by the Commission. The File Date is considered administrative in nature.
- G. “Interconnection Services” include Switched Access Services, Special Access Services, and Local Access Services and are defined as follows:
- (1) “Switched Access Services” allow toll providers to interconnect to BellSouth’s network in order to originate or terminate switched toll calls.

¹ The term “competitive alternative” is defined as products and/or services offered by a telecommunications carrier who has the capability of providing the services to the customer at the time and place of the customer’s choosing and whose availability and pricing are such that BellSouth’s customers are reasonably expected to switch to a competitive provider. The Commission shall determine, on a case-by-case basis, the reasonableness of claims that competitive alternatives exist. The term “other unique circumstances” is defined as a unique customer telecommunications service requirement wherein a competitive alternative does not necessarily exist but the arrangement of products and/or services is generally unavailable in the approved tariff or wherein the Commission deems it to be in the public interest to offer the products and services at prices below those authorized in the approved tariff on a case-by-case basis.

² Tariffs submitted pursuant to this plan have no validity, presumptive or otherwise until they are allowed by the Commission to go into effect on the date specified.

- (2) "Special Access Services" are services providing an analog or digital transmission path that is not switched by a BellSouth end office to directly connect an interexchange carrier's ("IXC's") terminal location and an end user's premises, two IXC terminal locations, an IXC terminal location and a hub, or two end user premises.
 - (3) "Local Access Services" allow competitive local exchange carriers ("CLECs") or other providers of local exchange services to complete local calls via BellSouth's network pursuant to the Telecommunications Act of 1996 ("the Act") through the interconnection of a CLEC's or other provider's network to BellSouth's network, through the resale by a CLEC of BellSouth's regulated retail services, or through the purchase by the CLEC of unbundled network elements ("UNEs") offered by BellSouth.
- H. Intra/Inter-modal³ is a categorization that, for purposes of this Plan, describes competition for wire line subscribers in relation to the delivery means used by ILECs for provisioning local exchange service. Intra-modal competition describes basic local telephone service provided by regulated telecommunication carriers, over cable or wire, to subscribers within the ILEC's exchange boundary to include telecommunications over CATV and power lines. Wire line competition exists when local telephone services are generally available to subscribers within the ILEC's exchange boundary at a level of service and at prices that make them a reasonable and viable alternative to the ILEC's services. Business private line arrangements alone are not a sufficient indicator of wire line competition. Inter-modal competition is local telephone service provided primarily by means other than cable or wire, such as wireless telecommunications service.
- I. "Marketing/Technical Trial" is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-regulated service and/or non-telecommunications service by BellSouth to eligible customers on a trial basis in BellSouth's service area for technical and/or marketing purposes. Such trials shall be for the purpose of evaluating, in an operating environment, the performance and pricing of the specific service or services in conjunction with other marketing and environmental factors that can influence customer demand.
- J. "Metropolitan Statistical Area" ("MSA") is an area, as defined by the Office of Management and Budget, with a large population nucleus that together with adjacent communities, has a high degree of social and economic integration.

³ The Commission's definition of intra/inter-modal competition, for purposes of this plan, may differ from the FCC definition. The Federal Communications Commission "FCC" defines *inter-modal alternatives* as "facilities or technologies other than those found in traditional telephone networks. These include, for example, traditional or new cable plant, wireless technologies (satellite, mobile, or fixed), power line (electric grid) technologies, or other technologies not rooted in telephone networks." The Commission's definition recognizes that wire line, local exchange service, available from an alternative to the ILEC, is competition regardless of whether the service is provided by delivery means traditionally utilized by ILECs.

- K. “New Service” is a regulated function, feature, capability, or any combination thereof, which is not offered by BellSouth as of the effective date of this Plan.
- L. “Non-discretionary Retail Telecommunication Services” are those services for which the Commission limits the degree of regulatory discretion otherwise provided in the Plan for Retail Telecommunications Services.
- M. “Promotion” is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-regulated service and/or non-telecommunications service by BellSouth to eligible customers in the BellSouth’s service area. Customers subscribing to promotional offerings receive a one-time or short-term benefit that shall not exceed ninety (90) calendar days.
- N. “Retail Telecommunications Services” are the telecommunications services, other than Interconnection Services, which are offered by BellSouth and regulated by the Commission.
- O. “Telecommunications Service” is the offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available to the public, regardless of the facilities used.
- P. The term “Tier” refers to a category of wire centers demonstrating similar levels of competitive activity and may include only a subcategory of service associated with a wire center (business or residential).
- Q. Total Service Long Run Incremental Cost (‘TSLRIC’) is the incremental cost that would be incurred for the entire volume of a service. TSLRIC methodology considers all volume sensitive costs (i.e., costs that change with a change in unit demand) and volume insensitive costs (i.e., costs that do not change with a change in unit demand, but are required by the service) directly caused by and associated with that service.
- R. “Work Day” is defined as Monday through Friday and excludes weekends and officially recognized State holidays.

3. COMPETITIVE CATEGORIES (TIERS)

For purposes of the Plan, BellSouth’s service territory shall first be divided into geographical affiliation based on Metropolitan Statistical Areas (“MSAs”). However, the MSAs shall only be used as a guideline for assigning wire centers to a competitive Tier. Competitive activity and not geographical affiliation ultimately determines wire center assignment to one of three (3) Tiers. Each Tier will contain wire centers demonstrating similar competitive activity. Because competition for business telecommunication services can develop absent a similar level of competitive activity for residential service, a wire center may be assigned to one competitive Tier for business service and another for residential service. BellSouth shall

request assignment of wire centers and provide justification for the proposed assignment. The Commission, however, will determine the initial classification of wire centers to each of the competitive Tiers. Additionally, on each anniversary of the Plan, the Commission may review and redefine the criteria used to assign wire centers to each of the competitive Tiers.

Initially, the following MSAs shall be designated as Tier I MSAs: Birmingham-Hoover, Mobile, Montgomery, and Huntsville. The remaining MSAs, Anniston, Auburn/Opelika, Columbus (Georgia), Decatur, Florence, Gadsden, Pensacola (Florida), and Tuscaloosa, shall be designated as Tier II MSAs. The Non-MSA areas of the State shall be grouped together for regulatory purposes into Tier III⁴. If deemed necessary, criteria in addition to those specified in Section 4 for defining levels of competitive activity may be identified by the Commission and the Company and wire centers may be assigned to Tier I, Tier II, or Tier III on that basis. The Commission will, however, notify all interested parties of proposed modifications to the wire center assignment criteria and allow for intervention and/or requests for hearing that are supported by adequate grounds.

4. CLASSIFICATION AND RECLASSIFICATION OF WIRE CENTERS

Factors upon which BellSouth may request classification of wire centers into the competitive Tiers may include, but are not limited to, collocation arrangements, residential and/or business competitive market share, alternative sources of switching, alternative sources of transport, etc. Further, pricing and availability of competitive residential alternatives will be used to determine the classification of residential service in each wire center to a competitive category. BellSouth will submit supporting documentation justifying the requested classification.

On each anniversary of the Plan, BellSouth may file requests to reclassify Tier I, Tier II, or Tier III wire centers. BellSouth shall file supporting documentation justifying the reclassification of wire centers to a different competitive Tier. Factors upon which BellSouth may base its reclassification request are referenced in the preceding paragraph and must include a separate analysis for residential service.

5. SERVICE CATEGORIES

Each telecommunications service offered by BellSouth and regulated by the Commission shall be assigned to one of two (2) categories: (1) Retail; and (2) Interconnection Services. (See Attachment B at pages 19-21 for the classification of services by category as of the effective date of this Plan.)

6. TARIFFS

⁴ All non-MSA wire centers will be assigned to Tier II upon a petition by BellSouth wherein BellSouth demonstrates to the Commission's satisfaction that fifty (50) percent or more of BellSouth's non-MSA wire centers are experiencing intra-modal, UNE or facilities-based competition (resale competition excluded) as evidenced by wire line telephone service being provided to subscribers within the non-MSA wire center boundary.

BellSouth shall file tariffs for all telecommunications services offered by BellSouth and regulated by the Commission, except as specifically exempted herein. Tariffs shall be filed for any proposed change to terms, conditions, and/or prices.

Tariffs shall become effective in accordance with the provisions of subsections (A) – (F) below. The Commission retains the authority to investigate a tariff on its own motion, by intervention of another party, or as the result of a complaint filed pursuant to §37-1-83 of the Code of Alabama, 1975 (the “Code”). Any such motion, intervention or complaint shall specifically enumerate the rules and regulations of the Plan and/or Title 37 of the Code that have been violated.

If the Commission initiates an investigation of a tariff on its own motion, the tariff in question may be suspended for up to ninety (90) days. If the Commission initiates an investigation based on the intervention of another party or the filing of a complaint pursuant to §37-1-83 of the Code, the tariff shall remain in effect pending completion of the investigation and hearing. In lieu of the suspension of proposed tariffs as the result of intervention by another party or the filing of a complaint by another party pursuant to §37-1-83 of the Code, the following procedures will be in effect.

If the Commission initiates an investigation of a tariff based on the intervention or complaint of another party within sixty (60) days of the effective date of said tariff and orders a decrease in a price or prices contained therein, BellSouth shall be required to credit the difference between the effective price or prices and the Commission-ordered price or prices to affected customers during that period of time the tariff was effective, but not to exceed one-hundred, fifty (150) days.

- A. Tariffs proposing changes to terms or conditions for telecommunications services offered by BellSouth and regulated by the Commission shall be filed with an Effective Date at least ten (10) Work Days following the File Date.
- B. Tariffs proposing price reductions for telecommunications services offered by BellSouth and regulated by the Commission shall be filed with an Effective Date at least five (5) Work Days following the File Date.
- C. Tariffs proposing price increases for Retail Telecommunications Services⁵, Switched Access Services, or Special Access Services in Tier I shall be filed with an Effective Date at least five (5) Work Days following the File Date. Price increases for Retail Telecommunications Services, Switched Access Services, or Special Access Services in Tier II and Tier III shall be filed with an Effective Date at least ten (10) Work Days following the File Date.
- D. Tariffs proposing price increases for Non-discretionary Retail Telecommunication Services, as annotated on Attachment B, shall be filed with an Effective date at least thirty (30) Work Days following the File Date.

⁵ Except those Retail Telecommunication Services listed as “Non-discretionary” in Attachment B.

- E. Tariffs for New Services shall be filed with an Effective Date at least five (5) Work Days following the File Date.
- F. Tariffs that grandfather and/or eliminate telecommunications services shall be filed with an Effective Date at least twenty-five (25) Work Days following the File Date. For tariffs that eliminate telecommunications services, the tariff shall provide customers no less than one hundred eighty (180) calendar days following the Effective Date during which affected customers will be given the opportunity to subscribe to alternative services before a customer's current services are eliminated.

7. PRICING RULES

A. Pricing Rules – General

- (1) The price for any new or existing service shall equal or exceed its TSLRIC unless:
 - (1) specifically exempted by the Commission based on public interest concerns; or (2) BellSouth in good faith, and upon Commission approval, prices the service in order to meet the equally low price of a competitor.
- (2) In the event that BellSouth prices a service below TSLRIC to meet the equally low price of a competitor, any intrastate universal service fund which may exist cannot be utilized to offset the resulting revenue shortfall.
- (3) No price reductions that will result in prices below TSLRIC will be allowed unless approved by the Commission. No price reductions will be allowed for any existing services that are priced below TSLRIC on the effective date of this Plan, unless approved by the Commission.
- (4) When no TSLRIC study is readily available, the Commission may, at its discretion, consider a surrogate for the TSLRIC cost study as the basis for analyzing the price floor requirement.

B. Pricing Rules – Retail Services

(1) FLAT-RATE RESIDENTIAL AND BUSINESS SERVICE

- a. Following Commission approval of the Plan, prices for 1FR and 1FB service in Rate Groups 1-5 may be increased to the prices for Rate Group 6, creating a single BellSouth statewide 1FR price of \$16.30 and a 1FB price of \$36.23. Thereafter, 1FB prices in Tier I and Tier II shall be adjusted at the discretion of BellSouth subject to the limitations specified for Other Retail Telecommunication Services in Part 7B(4). For Tier III wire centers, 1FB prices shall be capped for two years unless the Commission approves the classification of Non-MSA wire centers/Tier III into Tier II as specified in Footnote 4.

- b. Following the second and fourth anniversaries of this Plan, prices for 1FR service (including 1FB for Tier III subject to Footnote 4) may, at the discretion of the Company⁶, be increased by five percent (5%). However, the tariff price for 1FR service shall not exceed eighteen dollars (\$18) per month and the tariff price for 1FB service in Tier III shall not exceed \$39.95 per month (subject to Footnote 4) unless, following notice and hearing, specifically approved by the Commission.⁷ Price increases for 1FR service (including 1FB for Tier III) will only be authorized in those wire centers compliant with the Commission's service quality objectives set forth in this Plan (as of the applicable anniversary date referenced above). Otherwise, prices for 1FR service (including 1FB for Tier III) in those wire centers that fail to meet the service quality objectives will remain unchanged until found in compliance.
- c. Within 90 days following the fourth anniversary of the plan, the Commission will make a further assessment of 1FR and 1FB prices and may schedule future adjustments as deemed necessary.

(2) NON-DISCRETIONARY RETAIL SERVICES

Prices for Non-discretionary Retail Telecommunication Services, as annotated on Attachment B, shall not be increased at the discretion of BellSouth. The Company may request increases for prices of these services, on a case-by-case basis, in accordance with the filing requirements identified in part 6D of this Plan.

(3) VERTICAL SERVICES

Upon approval of this Plan for BellSouth, the price for Residential Call Waiting, Caller I.D. and Caller I.D. Deluxe may be increased up to twenty percent (20%). Thereafter, prices for Residential Call Waiting, Caller I.D. and Caller I.D. Deluxe will be capped for two years. Pricing Rules for Other Retail Telecommunication Services, Part 7B(4), shall apply for all other Business and Residential Vertical Services. Beginning with the second anniversary of the Plan, the pricing rules in 7B(4) shall thereafter apply to Residential Call Waiting, Caller I.D. and Caller I.D. Deluxe.

(4) OTHER RETAIL TELECOMMUNICATIONS SERVICES

Prices for other Retail Telecommunications Services shown in Attachment B (except as provided in Part 7B(3) and excluding Non-discretionary Retail Services) may be adjusted at the discretion of BellSouth subject to the following limitations:

⁶ The Company has the discretion to apply rate increases by competitive Tier (e.g., increase Tier II and/or Tier III but not Tier I or apply the authorized 1FR increases but not 1FB increases). Rates may also be decreased in one or more competitive sectors while increased in others. However, any unapplied increases will not be accumulated and applied at a later date.

⁷ The maximum prices and time periods may be exceeded and/or adjusted if the Commission and BellSouth jointly agree to expand local calling areas in response to community-of-interest concerns and/or eliminate existing local calling exception areas.

- a. Tier I increases shall be at the discretion of BellSouth.
- b. Tier II increases shall be limited to fifteen percent (15%) annually per service for the first two years of the Plan. Beginning with the second anniversary of the Plan, Tier II increases shall be limited to twenty percent (20%) annually per service. Beginning with the fourth anniversary of the Plan, Tier II increases shall be limited to twenty-five percent (25%) annually per service.⁸
- c. Tier III increases shall be limited to five (5%) annually per service for the first two years of the Plan. Beginning with the second anniversary of the Plan, Tier III increases shall be limited to ten percent (10%) annually per service. Beginning with the fourth anniversary of the Plan, Tier III increases shall be limited to fifteen percent (15%) annually per service.

C. Pricing Rules – Switched/Special Access Services and Local Access Services

- (1) BellSouth's combination of the traffic sensitive per minute charge for originating and terminating switched access service will be capped⁹ at the effective intrastate level (including any non-traffic sensitive rate elements) and special access charges capped at the interstate level as of the date this Plan is implemented.¹⁰
- (2) No Commission-directed intrastate access reduction will occur unless the subsidy to non-bundled, existing traditional flat-rate local exchange services for residential service provided by switched access is replaced by an end user charge, an increase in local service rates (in addition to those provided for in Part 7B of this Plan), or by the introduction of an intrastate universal service fund. The establishment of an end user charge, any increase in local rates beyond those provided for in Part 7B of this Plan or the establishment of an intrastate universal service fund will only occur following notice and hearing.
- (3) Regarding Local Access Services, the resale discount applicable to BellSouth's prices for standalone, regulated retail telecommunications services and terms, conditions, and prices for unbundled network elements will be formally reviewed and appropriately adjusted periodically following a hearing by the Commission. Further, BellSouth shall agree to abide by the Code of Conduct attached hereto as Attachment C.

⁸ The percentage limitations specified in Section 7B (4) (b) and (c) shall not apply for any service priced at or below \$3.00 per month or per use upon implementation of this Plan. Instead, the annual percentage limit for any service priced at or below \$3.00 per month or per use shall be thirty-five percent (35%) until such time as the service is priced above \$3.00 per month or per use.

⁹ Excludes any access reductions associated with the USF High Cost Fund distribution, should it be eliminated or significantly reduced. The cap applies to intrastate switched access charges without application of subsidy from the USF High Cost Fund annual distribution.

¹⁰ All existing contract service arrangements and volume contracts/agreements are excluded from the interstate cap with respect to special access charges.

8. CONTRACT SERVICE ARRANGEMENTS

- A. Customer-specific contract service arrangements ("CSAs") may be offered by BellSouth to customers in Tier I¹¹ for any product or service provided by BellSouth and regulated by the Commission. CSAs may be offered by BellSouth to customers in Tier II and Tier III for any product or service provided by BellSouth and regulated by the Commission in response to a competitive alternative or other unique circumstances.¹² Rates, terms, conditions, and additional regulations, if applicable, for the CSA will be developed on an individual case basis and will include all relevant costs, plus an appropriate level of contribution. Unless otherwise specified, regulations applicable to a CSA are in addition to the applicable rates and regulations specified in BellSouth's tariffs.
- B. On the fifth Work Day of each month, BellSouth will provide the Commission's Telecommunications Division, with a summary of the CSAs offered in the preceding calendar month. The summary will include the identification of the customer, the competitive Tier associated with the customer, a list of the services offered under the CSA, the retail price for each service from the tariff, the CSA price, a summary of TSLRIC support, and details about competitive alternatives if the CSA is offered in Tier II or Tier III. BellSouth will provide the CSA summary electronically via secure web page or other data storage medium. BellSouth will, as required, provide the Commission staff with access to detailed TSLRIC cost support for any CSA the staff chooses to review. BellSouth and the Attorney General agree to keep a comprehensive proprietary agreement in effect at all times to allow the Attorney General access to any proprietary/confidential information provided to the Commission's staff. All CSA information and supporting data is proprietary and will not be released to parties outside the Commission and Attorney General's Office without the written consent of the CSA customer and BellSouth.
- C. The Commission retains authority to investigate CSAs. Should any CSA be found in non-compliance with the requirements of 8A to this Plan and/or to be priced below the TSLRIC price floor without the Commission's prior approval, the Commission may take remedial action to include suspending, for any period deemed appropriate by the Commission, the CSA provisions of this Plan for BellSouth.

¹¹ If a CSA customer has locations in Tier I and Tier II/Tier III, all of the locations will be treated as Tier I

¹² As previously referenced, the term "other unique circumstances" is defined as a unique customer telecommunications service requirement wherein a competitive alternative does not necessarily exist but the arrangement of products and/or services is generally unavailable in the approved tariff or wherein the Commission deems it to be in the public interest to offer the products and services at prices below those authorized in the approved tariff on a case-by-case basis.

9. PROMOTIONS, CUSTOMER VALUE PROGRAMS, MARKETING/TECHNICAL TRIALS, & BUNDLED SERVICES

A. General

The following rules apply to all Promotions, Customer Value Programs, Marketing/Technical Trials, and Bundled Service Offerings submitted for the Commission's consideration.

- (1) Promotions, Customer Value Programs, Marketing/Technical Trials, and Bundled Service Offerings will be priced above TSLRIC. BellSouth will, as required, provide the Commission staff with access to detailed cost support for any of the above referenced offerings the staff chooses to review.
- (2) For purposes of complying with the cost floor requirement, the Plan assumes a pro rata allocation¹³ of the discount in retail price associated with the entire offering is applicable to the regulated services portion of the offering unless demonstrated otherwise to the Commission's satisfaction. The TSLRIC cost floor requirement is applicable only to services regulated by the Commission. Regulated services already priced at or below TSLRIC due to regulatory mandate (e.g., 1FR service) will be excluded from the cost floor limitation and the pro-rata discount allocation.
- (3) A transmittal letter shall be provided to the Commission within five (5) Work Days following the effective date and will include the supporting documentation referenced in Parts 9B, 9C, 9D, and 9E.
- (4) Additional cost support will, upon request, be submitted electronically to the Commission's Telecommunications Division under the standing proprietary agreement to include:
 - a. TSLRIC for all regulated services included in Promotions, Customer Value Programs, Marketing/Technical Trials, and Bundled Service Offerings;
 - b. The stand-alone retail price (or package price if not marketed on a stand-alone basis) for both regulated and unregulated services.
- (5) The Commission retains authority to investigate Promotions, Customer Value Programs, Marketing/Technical Trials, and Bundled Service Offerings. Should any be found in non-compliance with the requirements of Part 9 to this Plan and/or to be priced below the TSLRIC price floor without the Commission's prior approval, the Commission may take remedial action to include suspending, for any period deemed

¹³ If, for example, the discount from the combined retail prices of both regulated and unregulated services is 20%, the discount applied to the retail price for regulated services is assumed to be 20% and the resulting discounted price must exceed the TSLRIC for those regulated services. In those cases where a contract exists between BellSouth and affiliated or non-affiliated providers of unregulated services that spells out the discount applicable to the non-regulated services, the Commission may use the contractual discounts for those non-regulated services in lieu of the pro rata allocation for its cost floor analysis.

appropriate by the Commission, the provisions of this Plan whereby BellSouth may offer Promotions, Customer Value Programs, Marketing/Technical Trials, and Bundled Service Offerings.

B. Promotions

Subject to the availability of products, services, and facilities, Promotions will be available to all subscribers meeting the eligibility criteria as set forth in the Promotion. The following supporting documentation must be provided for the promotion:

- (1) A description of the Promotion (including terms, conditions and price);
- (2) A description of the geographic area in which the Promotion will be offered;
- (3) The eligibility criteria for the Promotion;
- (4) The marketing period (beginning and ending dates);
- (5) A detailed description of the services included in the Promotion; and,
- (6) Availability for resale.

C. Customer Value Programs:

Customer Value Programs (CVPs) will be available on a non-discriminatory basis to all subscribers meeting the eligibility criteria for each Program. The following supporting documentation must be provided for the CVP:

- (1) A description of the CVP (including terms, conditions and price);
- (2) A description of the geographic area in which the CVP will be offered;
- (3) The eligibility criteria for the CVP;
- (4) The marketing period (beginning and ending dates); and,
- (5) Availability for resale.

D. Marketing/Technical Trials

The following supporting documentation must be included must be provided for all Marketing/Technical Trials:

- (1) A description of the parameters of the Trial (including terms and conditions);
- (2) A description of the geographic area in which the Trial will be offered; and,

- (3) The rates and charges for the Trial, including any applicable range of rates within which the rates may be increased or decreased.

Marketing/Technical Trials may be offered for not less than one (1) month or not more than twelve (12) months.

E. Bundled Services¹⁴

- (1) Subject to the availability of products, services, and facilities, Bundled Services will be available to all subscribers meeting the eligibility criteria for such Bundled Services. The services bundle must be made available to qualified customers, on a non-discriminatory basis, at their request.
- (2) The following supporting documentation must be provided for all Bundled Service offerings:
 - a. A detailed description for each Bundled Service including whether the service is regulated or unregulated, terms, conditions, and the bundled price;
 - b. A description of the geographic area in which the Bundled Service will be offered;
 - c. The eligibility criteria for the Bundled Service;
 - d. The marketing period (beginning and ending dates); and,
 - e. Availability for resale.

10. SERVICE QUALITY

- A. The Commission will monitor service quality as specified in Attachment D. BellSouth agrees to provide, electronically if feasible and on time, all data and reports required by the Commission Staff for monitoring and/or investigating wholesale and retail service performance.
- B. If BellSouth fails to achieve the Commission's minimum service quality standards or otherwise fails to provide service deemed adequate and safe for the public, the Commission may, after notice and hearing, institute a probationary period for a length of time of the Commission's choosing during which BellSouth will be afforded an

¹⁴ Existing rules and regulations, such as those involving bill payment, the allocation of payments between regulated and non-regulated services, and discontinuance of service for non-payment, remain in effect when customers subscribe to Bundled Services, unless and until modified by the Commission.

opportunity to achieve the Commission's requirements for service.¹⁵ Following the probationary period, if the Commission's service requirements are not achieved, the Commission may require BellSouth to credit customer bills for 1FR/1FB¹⁶ service in affected wire centers each month until the Commission's service requirements are achieved. The amount of the credit shall not exceed 15% of the monthly 1FR/1FB rate and may be retroactive to the beginning of the probationary period.

- C. BellSouth will abide by all FCC and Commission rules and requirements, as currently exist, or as developed/modified on a going forward basis, for telephone number portability.

11. CUSTOMER NOTIFICATION

- A. BellSouth will provide customer notification of any price increases to all affected customers either by bill message, bill insert or direct mail at the option of the Company at least seven (7) calendar days before any regulated prices are increased. Notice of a price increase shall include at a minimum the effective date of the price change(s), the existing price(s), and the new price(s).
- B. Any affected customer may, within thirty (30) days from the time of any price increase appearing on the customer's bill, elect to cancel his/her subscription to a service that has been increased and BellSouth will credit the customer's bill by the amount of the price increase if the increase has been reflected on the customer's bill prior to the cancellation of the service.¹⁷

12. REPORTING & FILING REQUIREMENTS

- A. BellSouth will comply with the Commission's filing requirements in either hard copy or electronic format (or both as directed by the Commission). BellSouth will provide web access to their Commission approved tariffs and an archive of previously approved tariff pages. Alternatively, BellSouth will submit to the Commission, within 5 Work Days from the effective date of tariff revisions, an updated electronic version of their entire tariff and an updated archive of previously approved tariff pages. The archive of

¹⁵ For the first year of the Plan, service quality performance will be monitored for informational purposes only and no penalty provisions shall apply. During that interim one year period, staff and the affected LEC(s) will analyze service quality performance data for purposes of setting permanent service quality performance objectives that will be enforced beginning with the first anniversary of the Plan. At that time, the penalty provisions may be applied. However, the penalty provisions set forth herein will be applicable during the first year of the Plan in the event that the Commission determines the existence of service quality deficiencies which result in conditions that are unsafe for the public, in whole or in part.

¹⁶ In addition to 1FR/1FB service, the credit applies to all other local calling plans. However, the amount of the credit applied to other local calling plans is based on the tariff rate for 1FR/1FB service.

¹⁷ The notice and cancellation provisions of this rule may be superseded by effective agreements between customers and BellSouth.

previously approved tariff pages is for revisions beginning no later than the implementation date of this Plan.

- B. On a monthly basis, BellSouth will report the number and type of access lines (residence/business) served in each wire center.
- C. On a monthly basis, BellSouth will report the customer name and location of pay phone service provider (PSP) and shared tenant service (STS) access lines served in each wire center.
- D. The Commission shall address other specific reporting requirements for this Plan under a separate docket.

13. CUSTOMER COMPLAINT RESOLUTION

The Commission's existing customer complaint procedures shall remain in effect.

14. COMMISSION OVERSIGHT

- A. The Alabama Telecommunications Regulation Plan ("ATRP") is hereby implemented by the Commission as an alternative method of regulating the telecommunications industry in Alabama pursuant to the provisions of Code of Alabama 1975, §37-1-80(b). Nothing in the Alabama Telecommunications Regulation Plan abrogates any statutorily granted authority of the Commission, including Code of Alabama, 1975 §37-1-80(a). The Commission reserves the right to exercise any authority statutorily granted to the Commission depending on the circumstances present in the telecommunications industry in Alabama. The Commission will, however, exercise any statutory provisions which are inconsistent with the ATRP only after notice and a hearing.
- B. Price regulation pursuant to this plan in no way diminishes the Commission's underlying right or responsibility to regulate ILECs, Large CLECs, Small CLECs and IXC's and to oversee their operations. With the adoption of the ATRP, the Commission will remain actively involved in public interest concerns such as what consumers pay, the quality of services rendered and received, the availability of new services and technologies and other consumer oriented issues. With this plan, the prices charged to consumers become the financial focus of the Commission, rather than earnings. Other regulatory issues and requirements remain pertinent. However, nothing herein shall relieve regulated telecommunications carriers in Alabama from their ongoing obligation to provide financial, cost or other related data that the Commission requires.
- C. The Commission specifically reserves the right to review and/or revise the Alabama Telecommunications Regulation Plan in the event of rulings and/or decisions from the federal and/or state court systems as well as the Federal Communications Commission which have a major impact on the telecommunications industry in Alabama. Revisions to

the ATRP will, however, only be implemented by the Commission following notice and a hearing. The determination of whether a ruling and/or decision shall be reviewed by the Commission for purposes of revising the ATRP or otherwise shall be made by the Commission on its own motion or following a petition seeking such a determination by an interested party.

15. EXPANDED ALTERNATIVE DISPUTE RESOLUTION PROCEDURES

Commission conducted/supervised Mediation shall be available to any telecommunications carrier subject to the jurisdiction of the Commission for purposes of resolving disputes with other carriers. Mediation is a dispute resolution mechanism primarily available for two-party disputes, and is not to be used in substitution of generic dockets or workshops absent express agreement of all parties. The purpose of mediation is to create a voluntary forum whereby the parties may, at their own option, openly communicate with each other with the goal of reaching resolution of issues between the parties. The Alabama Public Service Commission encourages such discussions and will work with the parties to facilitate the mediation.

The Rules governing Mediation as established herein are set forth in Attachment E. The Mediation of disputes arising as the result of negotiations instituted and conducted pursuant to § 252 of the Telecommunications Act of 1996 will continue to be addressed pursuant to Rule T-25 of the Commission's Telephone Rules.

16. COMMISSION REVIEW

The Commission will conduct an assessment of this Plan beginning with the first anniversary date of the Plan in 2005 and will complete the assessment within one hundred and eighty (180) days following the first anniversary date. An additional assessment will be conducted, on the third anniversary date. The need for and frequency of future assessments will be determined at that time.

The Commission may not modify or repeal any portion of this Plan without notice and hearing. BellSouth or any affected third party may, as market conditions change, petition the Commission for modifications to this Plan. Modifications will only be made following notice and hearing by the Commission.

CLASSIFICATION OF BELL SOUTH'S WIRE CENTERS

Tier I MSAs

Birmingham-Hoover	Huntsville	Mobile	Montgomery
Alabaster	Athens Elk River	Airport	Fort Deposit
Bessemer Birminghamport	Athens Main	Azalea	Dalraida
Bessemer Hueytown	Gurley	Bay Front	Holtville
Bessemer Main	Hazel Green	Belle Fontaine	Main & Toll
Cahaba Heights	Lakewood	Citronelle	Millbrook
Calera	Madison New Main	Mount Vernon	Normandale
Carbon Hill	Madison Old Main	Old Shell	Prattville
Center Point	Main & Toll	Prichard	Wetumpka
Centreville	Parkway	Saraland	
Chelsea	Redstone Arsenal	Semmes	
Clanton	Research West	Skyline	
Columbiana	Strategic Defense	Springhill	
Cordova	University	Theodore	
Dora			
Eastlake			
Eastwood			
Ensley			
Five Points			
Forestdale			
Gardendale			
Graysville			
Homewood			
Jasper			
Main & Toll			
Maplesville			
Montevallo			
Oak Mountain			
Oxmoor			
Parrish			
Pinson			
Riverchase			
Tarrant			
Valley			
Vincent			
Warrior			
West Blocton			
West End			
Woodlawn			

CLASSIFICATION OF BELL SOUTH'S WIRE CENTERS**Tier II MSAs**

Anniston	Auburn	Columbus	Decatur
Jacksonville	Auburn	Hurtsboro	Courtland
Lenlock	Opelika	Phoenix City Fort Mitchell	Decatur
Main & Toll		Phoenix City Main	Hartselle Main
Ohatchee			Hartselle Pence
Oxford			Moulton
Piedmont			Towncreek

Florence	Gadsden	Pensacola	Tuscaloosa
Florence	Attalla	Flomaton	Bessemer Bucksville
Killen	Boaz		Druid Hill
Leighton	Hillside		Eutaw Boligee
Lexington	Main & Toll		Eutaw Main
Rogersville	Rainbow Drive		Greensboro
Sheffield			Northport
			Tuscaloosa Main

Non-MSA Areas

Albertville	Fairhope	Red Bay
Alexander City	Fort Payne	Russellville
Bay Minette	Goodwater	Selma
Brewton	Guntersville	Spanish Fort
Bridgeport	Hanceville Bremen	Stevenson
Childersburg	Hanceville Main	Sylacauga
Clayton	Jackson	Talladega Main
Cullman Fairview	Lafayette	Talladega Renfro
Cullman Jones Chapel	Linden	Thomasville
Cullman Main	Livingston	Troy
Dadeville	Marion	Tuskegee
Demopolis	McIntosh	Uniontown
Eufaula	Munford	York
Evergreen		

CLASSIFICATION OF SERVICES BY CATEGORY

Retail Services

A2	General Regulations	Non-discretionary
A3	Basic Local Exchange Service	
A3.2.1	Flat Rate Residence and Business Service	
A3.2.9	Area Calling Service	
A3.2.10	Complete Choice® Service	
A3.10.2	Bay Minette Exception	
A3.10.3	Bridgeport Exception	
A3.10.4	Reverse Billing Option (Bridgeport)	
A3.2.11	Area Plus® Service	
A3.7	Measured Rate Service	
A3.12	NAR Usage Packages	
A3.13.3	Directory Assistance Service	
A3.14.3	Local Operator and Calling Card Service	
A3.15	Local Operator Verification/Interruption Service	
A3.19	Grouping Service	
A3.20	Trunk Lines	
A3.24	Directory Assistance Call Completion Service	
A3.25	Directory Assistance/Directory Assistance Call Completion Service	
A3.26	Network Access Service	
A3.27	Trunk Side Access Facility	
A3.30	Exchange Access Premium Charge	
A3.31	Lifeline	Non-discretionary
A3.32	Classroom Communication Service	
A3.38	Back-Up Line Service	
A3.43	BellSouth Business Plus Service	
A3.45	Complete Choice® for Business Package	
A4	Service Charges	
A4.2.7	Installment Billing	
A4.3	Residence and Business Service Charges	
A4.4	Dual Service	
A4.7	Link-Up	Non-discretionary
A5	Charges Applicable Under Special Conditions	
A6	Directory Listings	
A8	Telephone Answering Service Facilities	
A9	Foreign Exchange Service & Foreign Central Office Service	
A12	Central Office Non-Transport Offerings	
A12.4	Assigned Centrex Type Services Telephone Numbers Without Facilities	
A12.7	Direct-Inward Dialing Service	
A12.8	Identified-Outward Dialing From PBX Systems	
A12.16	Prestige® Communications Service	
A12.20	MultiServ® Service	
A12.21	MultiServ® Plus Service	
A12.22	MultiServ® Multi-Account Service	
A12.25	BellSouth® Centrex Service	
A12.26	BellSouth® Centrex ISDN Service	
A13	Miscellaneous Service Arrangements	
A13.5	Arrangements for Night, Sunday and Holiday Service	
A13.9	Custom Calling Service	
	Call Waiting and Call Waiting Deluxe (all)	
	Call Forwarding Variable, Call Forwarding Busy Line,	
	Call Fwd Don't Ans with or w/o ring control	
A13.11	Remote Call Forwarding	

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A13.12	Selective Class of Call Screening Service	
A13.13	Dormitory Communications Service	
A13.14	Toll Trunks	
A13.16	Local Calling Area Conference Service	
A13.17	Feature Packages	
A13.19	TouchStar® Service	
	Caller ID Basic, Caller ID Deluxe with or without ACR and Enhanced Caller ID	
A13.20	Call Screening and Restriction Services	
A13.25	Extension Line Channels	
A13.27	Emergency Reporting Services	Non-discretionary
A13.30	Automatic Time and Charge Reporting Service	
A13.34	Ringmaster® Service	
A13.46	SMDI	
A13.47	Message Waiting Indication	
A13.49	Surrogate Client Number	
A13.50	Telecommunications Service Priority System	
A13.51	Electronic White Pages	
A13.53	Multiline Hunt Queuing	
A13.56	Hot Line Service	
A13.57	Warm Line Service	
A13.58	Uniform Access Number	
A13.59	Automatic Number Identification	
A13.60	Custom Service Area	
A13.61	Answer Supervision	
A13.62	Call Detail Information	
A13.70	BellSouth® Privacy Director® Service	
A13.72	Inter-Switch SMDI	
A13.76	Internet Call Waiting Service	
A13.77	Voice Mail Companion Services Package	
A13.78	BellSouth Essentials Package	
A13.79	211 Dialing Service	Non-discretionary
A13.80	711 Dialing Code for TRS	Non-discretionary
A13.81	511 Dialing Service	Non-discretionary
A14	Auxiliary Equipment	
A15	Connections With Certain Facilities and/or Equipment Of Others	
A18	Long Distance Message Telecommunications Service	
A19	Wide Area Telecommunications Service	
A20	Optional Calling Plans	
A29	Data Transport Service	
A32	Integration Plus Management Services	
A34	Advanced Intelligent Network Services	
A37	Billing and Collection Services	
A38	Listing Services	
A40	Fast Packet Transport Services	
A42	ISDN	
A43	Channelized Voice Transport Services	
A47	BellSouth® Remote Access Service	
A103	Obsolete Service Offerings – Basic Local Exchange Services	
A108	Obsolete Service Offerings – Telephone Answering Service Facilities	
A111	Obsolete Service Offerings – ESSX-1 Service	

A112	Obsolete Service Offerings – Central Office Non-Transport Services
A113	Obsolete Service Offerings – Miscellaneous Service Arrangements
A120	Obsolete Service Offerings – Optional Calling Plans
A123	Obsolete Service Offerings – ESS Central Office Features
A125	Obsolete Service Offerings - Lightgate® Digital Service
A126	Obsolete Service Offerings – Exchange Digital Services
A129	Obsolete Service Offerings – Data Transport Service
A131	Obsolete Service Offerings – Multi-Location Business Service
A134	Obsolete Service Offerings – AIN Services
A139	Obsolete Service Offerings – Abbreviated Dialing
A140	Obsolete Service Offerings – Fast Packet Transport Services
A142	Obsolete Service Offerings – ISDN
B3	Channels
B4	Equipment
B7	Digital Network Services
B8	Custom Network Service
B103	Obsolete Service Offerings – Channels
B104	Obsolete Service Offerings – Equipment
B107	Obsolete Service Offerings – Digital Network Services

Interconnection Services

A7	Coin Telephone Service
A35	Interconnection of Mobile Services
E3	Carrier Common Line Access Service
E5	Ordering Options for BellSouth SWA and Special Access Service
E6	BellSouth SWA Service
E7	Special Access Service
E8	Billing and Collection Services
E9	BellSouth Directory Assistance Access Service
E18	Operator Services Access Services
E20	Expanded Interconnection Service
E21	Fast Packet Access Service
E34	Advanced Intelligent Network Service

PART II

ILEC PRICE CAP PLAN

1. APPLICABILITY OF THE ILEC PRICE CAP PLAN

The ILEC Price Cap Plan (“Price Cap Plan” or the “Plan”) for all non-BellSouth ILECs will apply to all telecommunication services regulated by the Alabama Public Service Commission (hereinafter referred to as “the Commission”). ILECs will be regulated under the Price Cap Plan unless they elect to be regulated under the alternative ILEC Price Flexibility Plan provided in Part III of the TELCOM REG PLAN and meet the requirements established therefore.

2. DEFINITIONS

- A. “Bundled Services” are a combination of services offered as a package, whether at a single price or with the availability of the price for one contingent on the purchase of the other(s). A Bundled Service may be comprised of any telecommunications service or non-telecommunication service offered by the ILEC in any combination with telecommunication or non-telecommunication service(s) offered by an ILEC’s affiliate and/or with a non-affiliated third party provider.
- B. “Contract Service Arrangement” (“CSA”) is an arrangement wherein ILECs provide services pursuant to a contract between the ILEC and its customers in response to a competitive alternative or other unique circumstances¹⁸. Such arrangements include situations in which the services are not otherwise available through the ILEC’s tariffs, as well as situations in which the services are available through the ILEC’s tariffs, but the ILEC offers those services at prices other than those specified in the ILEC’s tariffs.
- C. “Customer Value Program” (CVP) is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-

¹⁸ The term “competitive alternative” is defined as products and/or services offered by a telecommunications carrier who has the capability of providing the services to the customer at the time and place of the customer’s choosing and whose availability and pricing are such that the ILEC’s customers are reasonably expected to switch to a competitive provider. The Commission shall determine, on a case-by-case basis, the reasonableness of claims that competitive alternatives exist. The term “other unique circumstances” is defined as a unique customer telecommunications service requirement wherein a competitive alternative does not necessarily exist but the arrangement of products and/or services is generally unavailable in the approved tariff or wherein the Commission deems it to be in the public interest to offer the products and services at prices below those authorized in the approved tariff on a case-by-case basis.

regulated service and/or non-telecommunications service by ILECs to eligible customers in the ILEC's service area. Customers subscribing to such programs will receive ongoing benefits for a duration that may exceed ninety (90) calendar days. Essentially, CVPs are long-term promotions (greater than 90 days in duration).

- D. "Effective Date" is the proposed date on which a new tariff or tariff revision is considered effective. The Effective Date is based on a specified number of Work Days following, but excluding, the File Date.¹⁹
- E. "Eligibility Criteria" are the factors used to determine the customers and/or potential customers who would qualify for a Promotion, Customer Value Program, Marketing/Technical Trial, or Bundled Service: i.e., current services or services a customer must subscribe to, monthly spend, service or usage volume, term commitment, geographic location, such as wire center, and/or any other identifiable characteristic.
- F. "File Date" is the official date recorded by the office of the Director of the Commission's Administrative Division (Commission Secretary) for any proposed tariff or tariff revision submitted by a telecommunications provider and accepted by the Commission. The File Date is considered administrative in nature.
- G. "Interconnection Services" include Switched Access Services and Special Access Services, defined as follows:
 - (1) "Switched Access Services" allow toll providers to interconnect to the ILEC's network in order to originate or terminate switched toll calls.
 - (2) "Special Access Services" are services providing an analog or digital transmission path that is not switched by an ILEC end office to directly connect an interexchange carrier's ("IXC's") terminal location and an end user's premises, two IXC terminal locations, an IXC terminal location and a hub, or two end user premises.
- H. "Marketing/Technical Trial" is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-regulated service and/or non-telecommunications service by the ILEC to eligible customers on a trial basis in the ILEC's service area for technical and/or marketing purposes. Such trials shall be for the purpose of evaluating, in an operating environment, the performance and pricing of the specific service or services in conjunction with other marketing and environmental factors that can influence customer demand.

¹⁹ Tariffs submitted pursuant to this plan have no validity, presumptive or otherwise until they are allowed by the Commission to go into effect on date specified.

- I. “New Service” is a regulated function, feature, capability, or any combination thereof, which is not offered by the ILEC as of the effective date of this Plan.
- J. “Non-discretionary Retail Telecommunication Services” are those services for which the Commission limits the degree of regulatory discretion otherwise provided in the Plan for Retail Telecommunications Services.
- K. “Promotion” is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-regulated service and/or non-telecommunications service by ILECs to eligible customers in the ILEC’s service area. Customers subscribing to promotional offerings receive a one-time or short-term benefit that shall not exceed ninety (90) calendar days.
- L. “Retail Telecommunications Services” are the telecommunications services, other than Interconnection Services, which are offered by ILECs and regulated by the Commission.
- M. “Telecommunications Service” is the offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available to the public, regardless of the facilities used.
- N. Total Service Long Run Incremental Cost (‘TSLRIC’) is the incremental cost that would be incurred for the entire volume of a service. TSLRIC methodology considers all volume sensitive costs (i.e., costs that change with a change in unit demand) and volume insensitive costs (i.e., costs that do not change with a change in unit demand, but are required by the service) directly caused by and associated with that service.
- O. “Work Day” is defined as Monday through Friday and excludes weekends and officially recognized State holidays.

3. SERVICE CATEGORIES

Each telecommunications service offered by the ILEC and regulated by the Commission shall be assigned to one of two (2) categories: (1) Retail; and (2) Interconnection Services.

4. TARIFFS

ILECs shall file tariffs for all telecommunications services offered by the ILEC and regulated by the Commission. Tariffs shall be filed for any proposed change to terms, conditions, and/or prices.

Tariffs shall become effective in accordance with the provisions of subsections (A) – (G) below. The Commission retains the authority to investigate a tariff on its own motion, by intervention of another party, or as the result of a complaint filed pursuant to §37-1-83 of the Code of Alabama, 1975 (the “Code”). Any such motion, intervention or complaint shall specifically enumerate the rules and regulations of the Plan and/or Title 37 of the Code that have been violated.

If the Commission initiates an investigation of a tariff on its own motion or based on the intervention of another party or the filing of a complaint pursuant to §37-1-83 of the Code, the tariff in question may be suspended for up to one hundred, eighty (180) days.

If the Commission initiates an investigation of a tariff based on the intervention or complaint of another party and orders a decrease in a price or prices contained therein, the ILEC shall be required to credit the difference between the effective price or prices and the Commission-ordered price or prices to affected customers during that period of time the tariff was effective.

- A. Tariffs proposing changes to terms or conditions for telecommunications services offered by the ILEC and regulated by the Commission shall be filed with an Effective Date at least thirty (30) Work Days following the File Date.
- B. Tariffs proposing price reductions for telecommunications services offered by the ILEC and regulated by the Commission shall be filed with an Effective Date at least five (5) Work Days following the File Date.
- C. Tariffs proposing price increases for Retail Telecommunications Services²⁰, Switched Access Services, or Special Access Services shall be filed with an Effective Date at least thirty (30) Work Days following the File Date.
- D. Tariffs proposing price increases for Non-discretionary Retail Telecommunication Services shall be filed with an Effective date at least thirty (30) Work Days following the File Date.
- E. Tariffs for New Services shall be filed with an Effective Date at least thirty (30) Work Days following the File Date.
- F. Tariffs that grandfather and/or eliminate telecommunications services shall be filed with an Effective Date at least thirty (30) Work Days following the File Date. For tariffs that eliminate telecommunications services, the tariff shall provide customers no less than one hundred eighty (180) calendar days following the Effective Date during which affected customers will be given the opportunity to subscribe to alternative services before a customer’s current services are eliminated.

²⁰ Except those Retail Telecommunication Services listed as “Non-discretionary”.

- G. ILECs will not market and/or advertise regulated services by a different name and/or rate structure other than that included in the tariff on file with the Commission.

5. PRICING RULES

A. Pricing Rules – General

- (1) The price for any new or existing service shall equal or exceed its TSLRIC unless: (1) specifically exempted by the Commission based on public interest concerns; or (2) ILEC in good faith, and upon Commission approval, prices the service in order to meet the equally low price of a competitor.
- (2) In the event that ILEC prices a service below TSLRIC to meet the equally low price of a competitor, any intrastate universal service fund which may exist cannot be utilized to offset the resulting revenue shortfall.
- (3) No price reductions that will result in prices below TSLRIC will be allowed unless approved by the Commission. No price reductions will be allowed for any existing services that are priced below TSLRIC on the effective date of this Plan, unless approved by the Commission.
- (4) When no TSLRIC study is readily available, the Commission may, at its discretion, consider a surrogate for the TSLRIC cost study as the basis for analyzing the price floor requirement.

B. Pricing Rules – Retail Services

- (1) Discretionary Retail Services
 - a. Upon approval of the ILEC Price Cap Plan, prices for all services shall be capped at existing levels for three (3) years.
 - b. Following the third anniversary of this Plan, prices for 1FR and 1FB service may be increased by no more than one percent (1%) annually. However, the tariff price for 1FR service shall not exceed eighteen dollars (\$18) per month and the tariff price for 1FB service shall not exceed \$39.95 per month unless, following notice and hearing, specifically approved by the Commission. Price increases for 1FR/1FB service will only be authorized in those wire centers compliant with the Commission's service quality objectives set forth in this Plan (as of the applicable anniversary date referenced above). Otherwise, prices for 1FR/1FB service in those wire centers that fail to meet the service quality objectives will remain unchanged until found in compliance.

- c. Following the third anniversary of this Plan, prices for other Retail Telecommunications Services (excluding Non-discretionary Retail Services) may be adjusted by no more than two percent (2%) per service annually.

(2) NON-DISCRETIONARY RETAIL SERVICES

Prices for Non-Discretionary Retail Telecommunication Services as annotated on Attachment B, shall not be increased at the discretion of ILEC.²¹ The ILEC may request increases for the prices of these services, on a case-by-case basis.

C. Pricing Rules – Switched Access Services and Local Access Services

- (1) The ILEC's combination of the traffic sensitive per minute charge for originating and terminating switched access service will be capped²² at the effective intrastate level (including any non-traffic sensitive rate elements) and special access charges capped at the interstate level as of the date this Plan is implemented.²³
- (2) No Commission-directed intrastate access reduction will occur unless the subsidy to non-bundled, existing traditional flat-rate local exchange services for residential service provided by switched access is replaced by an end user charge, an increase in local service rates (in addition to those provided for in Part 5B of this Plan), or by the introduction of an intrastate universal service fund. The establishment of an end user charge, any increase in local rates beyond those provided for in Part 5.B of this Plan, or the establishment of an intrastate universal service fund will only occur following notice and hearing.
- (3) ILEC agrees to abide by the Code of Conduct appended hereto as Attachment C to the extent applicable.

6. CONTRACT SERVICE ARRANGEMENTS

- A. Customer-specific contract service arrangements ("CSAs") may be offered by the ILEC for any product or service provided by the ILEC and regulated by the Commission in response to a competitive alternative or other unique

²¹ The tariff section designations noted in Attachment B (see pages 19-21) are applicable to BellSouth only.

²² Excludes any access reductions associated with the USF High Cost Fund distribution, should it be eliminated or significantly reduced. The cap applies to interstate switched access charges without application of subsidy from the USF High Cost Fund annual distribution.

²³ All existing contract service arrangements and volume contracts/agreements are excluded from the interstate cap with respect to special access charges.

- circumstances.²⁴ Rates, terms, conditions, and additional regulations, if applicable, for the CSA will be developed on an individual case basis and will include all relevant costs, plus an appropriate level of contribution. Unless otherwise specified, regulations applicable to a CSA are in addition to the applicable rates and regulations specified in ILEC's tariffs.
- B. A transmittal letter shall be provided to the Commission no later than five (5) Work Days prior to the proposed effective date for the CSA and all supporting documentation will be submitted therewith. ILECs will provide the Commission staff with access to detailed cost support for any CSA the staff chooses to review. The ILECs operating pursuant to this plan agree to maintain a comprehensive proprietary agreement in effect at all times to allow the Attorney General access to any proprietary/confidential information provided to the Commission Staff. All CSA information is proprietary and will not be released to parties outside the Commission and Attorney General's office without the written consent of the CSA customer and ILEC.
- C. If the Commission staff determines that further investigation is necessary, the Company will be notified prior to the effective date and will delay implementation for no more than twenty (20) Work Days pending an investigation. If the Commission has not denied the request within twenty (20) Work Days following the proposed effective date, approval will become effective the succeeding Work Day. Denial will consist of a verbal notification to the Company followed by a written Commission Order²⁵. The Commission may also notify the Company anytime within the investigatory period that the request is acceptable and approval will become effective upon that notification.
7. PROMOTIONS, CUSTOMER VALUE PROGRAMS, MARKETING/TECHNICAL TRIALS, & BUNDLED SERVICES
- A. General
- The following rules apply to all Promotions, Customer Value Programs, Marketing/Technical Trials, and Bundled Service Offerings submitted for the Commission's consideration.
- (1) A transmittal letter shall be provided to the Commission no later than five (5) Work Days prior to the proposed effective date and all supporting

²⁴ As previously referenced, the term "other unique circumstances" is defined as a unique customer telecommunications service requirement wherein a competitive alternative does not necessarily exist but the arrangement of products and/or services is generally unavailable in the approved tariff or wherein the Commission deems it to be in the public interest to offer the products and services at prices below those authorized in the approved tariff on a case-by-case basis.

²⁵ If the Company voluntarily withdraws the request, the requirement for a written Order disapproving the request is waived.

documentation will be submitted therewith. Cost support will be available to the Commission Staff upon request.

- (2) If the Commission staff determines that further investigation is necessary, the Company will be notified prior to the effective date and will delay implementation for no more than twenty (20) Work Days pending an investigation. If the Commission has not denied the request within twenty (20) Work Days following the proposed effective date, approval will become effective the succeeding Work Day. Denial will consist of a verbal notification to the Company followed by a written Commission Order²⁶. The Commission may also notify the Company anytime within the investigatory period that the request is acceptable and approval will become effective upon that notification.

B. Promotions

Subject to the availability of products, services, and facilities, Promotions will be available to all subscribers meeting the eligibility criteria as set forth in the Promotion. The following supporting documentation must be provided for the promotion:

- (1) A description of the Promotion (including terms, conditions and price);
- (2) A description of the geographic area in which the Promotion will be offered;
- (3) The eligibility criteria for the Promotion;
- (4) The marketing period (beginning and ending dates);
- (5) A detailed description of the services included in the Promotion.

C. Customer Value Programs:

Customer Value Programs (CVPs) will be available on a non-discriminatory basis to all subscribers meeting the eligibility criteria for each Program. The following supporting documentation must be provided for the CVP:

- (1) A description of the CVP (including terms, conditions and price);
- (2) A description of the geographic area in which the CVP will be offered;
- (3) The eligibility criteria for the CVP;

²⁶ If the Company voluntarily withdraws the request, the requirement for a written Order disapproving the request is waived.

- (4) The marketing period (beginning and ending dates).

D. Marketing/Technical Trials

The following supporting documentation must be provided for all Marketing/Technical Trials:

- (1) A description of the parameters of the Trial (including terms and conditions);
- (2) A description of the geographic area in which the Trial will be offered; and,
- (3) The rates and charges for the Trial, including any applicable range of rates within which the rates may be increased or decreased.

Marketing/Technical Trials may be offered for not less than one (1) month or not more than twelve (12) months.

E. Bundled Services²⁷

- (1) Subject to the availability of products, services, and facilities, Bundled Services will be available to all subscribers meeting the eligibility criteria for such Bundled Services. The services bundle must be made available to qualified customers, on a non-discriminatory basis, at their request.
- (2) The following supporting documentation must be provided for all Bundled Service offerings:
 - a. A detailed description for each Bundled Service including whether the service is regulated or unregulated, terms, conditions, and the bundled price;
 - b. A description of the geographic area in which the Bundled Service will be offered;
 - c. The eligibility criteria for the Bundled Service;
 - d. The marketing period (beginning and ending dates).

8. SERVICE QUALITY

- A. The Commission will monitor service quality as specified in Attachment D. ILECs agree to provide, electronically if feasible and on time, all data and reports

²⁷ Existing rules and regulations, such as those involving bill payment, the allocation of payments between regulated and non-regulated services, and discontinuance of service for non-payment, remain in effect when customers subscribe to Bundled Services, unless and until modified by the Commission.

required by the Commission Staff for monitoring and/or investigating wholesale and retail service performance.

- B. If the ILEC fails to achieve the Commission's minimum service quality standards or otherwise fails to provide service deemed adequate and safe for the public, the Commission may, after notice and hearing, institute a probationary period for a length of time of the Commission's choosing during which the ILEC will be afforded an opportunity to achieve the Commission's requirements for service.²⁸ Following the probationary period, if the Commission's service requirements are not achieved, the Commission may require the ILEC to credit customer bills for 1FR/1FB²⁹ service in affected wire centers each month until the Commission's service requirements are achieved. The amount of the credit shall not exceed 15% of the monthly 1FR/1FB rate and may be retroactive to the beginning of the probationary period upon the effectiveness of said standards as specified in Attachment D.
- C. ILECs will abide by all FCC and Commission rules and requirements, as currently exist, or as developed/modified on a going forward basis, for telephone number portability.

9. CUSTOMER NOTIFICATION

- A. ILECs will provide customer notification of any price increases to all affected customers either by bill message, bill insert or direct mail at the option of the Company at least seven (7) calendar days before any regulated prices are increased. Notice of a price increase shall include at a minimum the effective date of the price change(s), the existing price(s), and the new price(s).
- B. Any affected customer may, within thirty (30) days from the time of any price increase appearing on the customer's bill, elect to cancel his/her subscription to a service that has been increased and the ILEC will credit the customer's bill by the amount of the price increase if the increase has been reflected on the customer's bill prior to the cancellation of the service.³⁰

²⁸ For the first year of the Plan, service quality performance will be monitored for informational purposes only and no penalty provisions shall apply. During that interim one year period, staff and the affected ILEC(s) will analyze service quality performance data for purposes of setting permanent service quality performance objectives that will be enforced beginning with the first anniversary of the Plan. At that time, the penalty provisions may be applied. However, the penalty provisions set forth herein will be applicable during the first year of the Plan in the event that the Commission determines the existence of service quality deficiencies which result in conditions that are unsafe for the public, in whole or in part.

²⁹ In addition to 1FR/1FB service, the credit applies to all other local calling plans. However, the amount of the credit applied to other local calling plans is based on the tariff rate for 1FR/1FB service.

³⁰ The notice and cancellation provisions of this rule may be superseded by effective agreements between customers and the ILEC.

10. REPORTING & FILING REQUIREMENTS

- A. ILECs will comply with the Commission's filing requirements in either hard copy or electronic format (or both as directed by the Commission). ILECs will provide web access to their Commission approved tariffs and an archive of previously approved tariff pages. Alternatively, ILECs will submit to the Commission, within 5 Work Days from the effective date of tariff revisions, an updated electronic version of their entire tariff and an updated archive of previously approved tariff pages. The archive of previously approved tariff pages is for revisions beginning no later than the implementation date of this Plan.
- B. On a monthly basis, ILECs will report the number and type of access lines (residence/business) served in each wire center.
- C. On a monthly basis, ILECs will report the customer name and location of pay phone service provider (PSP) and shared tenant service (STS) access lines served by the ILEC in each wire center.
- D. The Commission shall address other specific reporting requirements for this Plan under a separate docket.

11. CUSTOMER COMPLAINT RESOLUTION

The Commission's existing customer complaint procedures shall remain in effect.

12. COMMISSION OVERSIGHT

- A. The Alabama Telecommunications Regulation Plan ("ATRP") is hereby implemented by the Commission as an alternative method of regulating the telecommunications industry in Alabama pursuant to the provisions of Code of Alabama 1975, §37-1-80(b). Nothing in the Alabama Telecommunications Regulation Plan abrogates any statutorily granted authority of the Commission, including Code of Alabama, 1975 §37-1-80(a). The Commission reserves the right to exercise any authority statutorily granted to the Commission depending on the circumstances present in the telecommunications industry in Alabama. The Commission will, however, exercise any statutory provisions which are inconsistent with the ATRP only after notice and a hearing.
- B. Price regulation pursuant to this plan in no way diminishes the Commission's underlying right or responsibility to regulate ILECs, Large CLECs, Small CLECs and IXCs and to oversee their operations. With the adoption of the ATRP, the Commission will remain actively involved in public interest concerns such as

what consumers pay, the quality of services rendered and received, the availability of new services and technologies and other consumer oriented issues. With this plan, the prices charged to consumers become the financial focus of the Commission, rather than earnings. Other regulatory issues and requirements remain pertinent. However, nothing herein shall relieve regulated telecommunications carriers in Alabama from their ongoing obligation to provide financial, cost or other related data that the Commission requires.

- C. The Commission specifically reserves the right to review and/or revise the Alabama Telecommunications Regulation Plan in the event of rulings and/or decisions from the federal and/or state court systems as well as the Federal Communications Commission which have a major impact on the telecommunications industry in Alabama or an ILEC regulated under this plan. Revisions to the ATRP will, however, only be implemented by the Commission following notice and a hearing. The determination of whether a ruling and/or decision shall be reviewed by the Commission for purposes of revising the ATRP or otherwise shall be made by the Commission on its own motion or following a petition seeking such a determination by an interested party.

13. EXPANDED ALTERNATIVE DISPUTE RESOLUTION PROCEDURES

Commission conducted/supervised Mediation shall be available to any telecommunications carrier subject to the jurisdiction of the Commission for purposes of resolving disputes with other carriers. Mediation is a dispute resolution mechanism primarily available for two-party disputes, and is not to be used in substitution of generic dockets or workshops absent express agreement of all parties. The purpose of mediation is to create a voluntary forum whereby the parties may, at their own option, openly communicate with each other with the goal of reaching resolution of issues between the parties. The Alabama Public Service Commission encourages such discussions and will work with the parties to facilitate the mediation.

The Rules governing Mediation as established herein are set forth in Attachment E. The Mediation of disputes arising as the result of negotiations instituted and conducted pursuant to § 252 of the Telecommunications Act of 1996 will continue to be addressed pursuant to Rule T-25 of the Commission's Telephone Rules.

14. COMMISSION REVIEW

The Commission will conduct an assessment of this Plan beginning with the first anniversary date of the Plan in 2005 and will complete the assessment within one hundred and eighty (180) days following the first anniversary date. An additional assessment will be conducted, on the third anniversary date. The need for and frequency of future assessments will be determined at that time.

The Commission may not modify or repeal any portion of this Plan without notice and hearing. ILECs or any affected third party may, as market conditions change, petition the Commission for modifications to this Plan. Modifications will only be made following notice and hearing by the Commission.

PART III

ILEC PRICE FLEXIBILITY PLAN

1. APPLICABILITY OF THE ILEC PRICE FLEXIBILITY PLAN

- A. The ILEC Price Flexibility Plan (the “ILEC Plan” or the “Plan”) for Incumbent Local Exchange Carriers (“ILECs”) applies to all telecommunications services offered by ILECs (except BellSouth) and regulated by the Commission who seek additional pricing flexibility than that which is offered through the ILEC Price Cap Plan. ILECs seeking the additional pricing flexibility, available pursuant to this plan agree not to affirmatively assert the provisions of 47 USC §251(f)(1)(A) – (C) which exempt rural telephone companies from complying with the requirements of 47 USC §251(c) absent a state commission finding that it is not economically burdensome, technically infeasible or inconsistent with 47 USC §254 for such carriers to do so.
- B. ILECs must petition the Commission for approval to be regulated under the optional ILEC Plan and must qualify by complying with all of the following:
- (1) The ILEC’s monthly price for 1FR service at the initiation of this Plan must be no higher than \$16.30 unless previously approved or exempted by the Commission.
 - (2) The ILEC has agreed not to affirmatively assert the provisions of 47 USC §251(f)(1)(A) – (C) which exempt rural telephone companies from complying with the requirements of 47 USC §251(c) absent a state commission finding that it is not economically burdensome, technically infeasible or inconsistent with 47 USC §254 for such companies to do so.³¹
 - (3) The ILECs agree to negotiate with requesting CLECs, in good faith and a timely manner, for resale, local interconnection, and collocation prices. If agreement on prices for resale, local interconnection, and collocation cannot be achieved, either party may request Commission mediation of the negotiations and ILECs agree to participate in any subsequent Commission mediation of the negotiations. If mediation fails, ILECs agree to participate in Commission arbitration of the aforementioned prices.

³¹ In agreeing not to affirmatively assert the provisions of 47 USC §251(f)(1)(A) – (C), ILECs seeking to operate pursuant to the ILEC Price Flexibility Plan are not precluded from petitioning the Commission for a finding that any bona fide request for resale, interconnection, collocation or unbundled access is unduly economically burdensome, technically infeasible or inconsistent with 47 USC §254. Any rural ILEC submitting such a petition will, however, have the burden of proving the merits of its petition.

- (4) The ILEC has an optional Local Calling Plan that has been approved by the Commission³² (LCP).

2. DEFINITIONS

- A. “Bundled Services” are a combination of services offered as a package, whether at a single price or with the availability of the price for one contingent on the purchase of the other(s). A Bundled Service may be comprised of any telecommunications service or non-telecommunication service offered by the ILEC in any combination with telecommunication or non-telecommunication service(s) offered by an ILEC’s affiliate and/or with a non-affiliated third party provider.
- B. “Contract Service Arrangement” (“CSA”) is an arrangement wherein the ILEC provides services pursuant to a contract between the ILEC and customers in Tier I where competitive alternatives are known to exist and in Tier II and Tier III in response to a competitive alternative or other unique circumstances³³. Such arrangements include situations in which the services are not otherwise available through ILEC’s tariffs, as well as situations in which the services are available through ILEC’s tariffs, but the ILEC offers those services at prices other than those specified in the ILEC’s tariffs.
- C. “Customer Value Program” (CVP) is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-regulated service and/or non-telecommunications service by ILECs to eligible customers in the ILEC’s service area. Customers subscribing to such programs will receive ongoing benefits for a duration that may exceed ninety (90) calendar days. Essentially, CVPs are long-term promotions (greater than 90 days in duration).

³² The Expanded Local Calling Plan (LCP) is a calling plan designed to provide an expanded local calling capability for residential customers. Plans will provide for, at a minimum, 1200 minutes to points within the county and other intrastate points of interest within the LATA, at an additional recurring charge of up to \$22.00. Existing ACS plans may be grandfathered with approval by the Commission or maintained at the election of a Rural LEC, with customers advised of the availability of the new plans. ILECs with existing plans that are deemed by the Commission to be reasonably equivalent to the LCPs or reasonably meet the Commission objectives will be deemed compliant with this provision. For purposes of the plans, the location of a customer shall be determined by his or her serving end office.

³³ The term “competitive alternative” is defined as products and/or services offered by a telecommunications carrier who has the capability of providing the services to the customer at the time and place of the customer’s choosing and whose availability and pricing are such that the ILEC’s customers are reasonably expected to switch to a competitive provider. The Commission shall determine, on a case-by-case basis, the reasonableness of claims that competitive alternatives exist. The term “other unique circumstances” is defined as a unique customer telecommunications service requirement wherein a competitive alternative does not necessarily exist but the arrangement of products and/or services is generally unavailable in the approved tariff or wherein the Commission deems it to be in the public interest to offer the products and services at prices below those authorized in the approved tariff on a case-by-case basis.

- D. “Effective Date” is the proposed date on which a new tariff or tariff revision is considered effective. The Effective Date is based on a specified number of Work Days following, but excluding, the File Date.³⁴
- E. “Eligibility Criteria” are the factors used to determine the customers and/or potential customers who would qualify for a Promotion, Customer Value Program, Marketing/Technical Trial, or Bundled Service: i.e., current services or services a customer must subscribe to, monthly spend, service or usage volume, term commitment, geographic location, such as wire center, and/or any other identifiable characteristic.
- F. “File Date” is the official date recorded by the office of the Director of the Commission’s Administrative Division (Commission Secretary) for any proposed tariff or tariff revision submitted by a telecommunications provider and accepted by the Commission. The File Date is considered administrative in nature.
- G. “Interconnection Services” include Switched Access Services, Special Access Services, and Local Access Services and are defined as follows:
 - (1) “Switched Access Services” allow toll providers to interconnect to ILEC’s network in order to originate or terminate switched toll calls.
 - (2) “Special Access Services” are services providing an analog or digital transmission path that is not switched by a ILEC end office to directly connect an interexchange carrier’s (“IXC’s”) terminal location and an end user’s premises, two IXC terminal locations, an IXC terminal location and a hub, or two end user premises.
 - (3) “Local Access Services” allow competitive local exchange carriers (“CLECs”) or other providers of local exchange services to complete local calls via the ILEC’s network pursuant to the Telecommunications Act of 1996 (“the Act”) through the interconnection of a CLEC’s or other provider’s network to the ILEC’s network, through the resale by a CLEC of the ILEC’s regulated retail services, or through the purchase by the CLEC of unbundled network elements (“UNEs”) offered by the ILEC.

³⁴ Tariffs submitted pursuant to this plan have validity, presumptive or otherwise until they are allowed by the Commission to go into effect on the effective date specified in accordance with this plan.

- H. Intra/Inter-modal³⁵ is a categorization that, for purposes of this Plan, describes competition for wire line subscribers in relation to the delivery means used by ILECs for provisioning local exchange service. Intra-modal competition describes basic local telephone service provided by regulated telecommunication carriers, over cable or wire, to subscribers within the ILEC's exchange boundary to include telecommunications over CATV and power lines. Wire line competition exists when local telephone services are generally available to subscribers within the ILEC's exchange boundary at a level of service and at prices that make them a reasonable and viable alternative to the ILEC's services. Business private line arrangements alone are not a sufficient indicator of wire line competition. Inter-modal competition is local telephone service provided primarily by means other than cable or wire, such as wireless telecommunications service.
- I. "Marketing/Technical Trial" is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-regulated service and/or non-telecommunications service by an ILEC to eligible customers on a trial basis in the ILEC's service area for technical and/or marketing purposes. Such trials shall be for the purpose of evaluating, in an operating environment, the performance and pricing of the specific service or services in conjunction with other marketing and environmental factors that can influence customer demand.
- J. "Metropolitan Statistical Area" ("MSA") is an area, as defined by the Office of Management and Budget, with a large population nucleus that together with adjacent communities, has a high degree of social and economic integration.
- K. "New Service" is a regulated function, feature, capability, or any combination thereof, which is not offered by the ILEC as of the effective date of this Plan.
- L. "Non-discretionary Retail Telecommunication Services" are those services for which the Commission limits the degree of regulatory discretion otherwise provided in the Plan for Retail Telecommunications Services.
- M. "Promotion" is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-regulated service and/or non-telecommunications service by ILECs to eligible customers in the ILEC's

³⁵ The Commission's definition of intra/inter-modal competition, for purposes of this plan, may differ from the FCC definition. The FCC defines *inter-modal alternatives* as "facilities or technologies other than those found in traditional telephone networks. These include, for example, traditional or new cable plant, wireless technologies (satellite, mobile, or fixed), power line (electric grid) technologies, or other technologies not rooted in telephone networks." The Commission's definition recognizes that wire line, local exchange service, available from an alternative to the ILEC, is competition regardless of whether the service is provided by delivery means traditionally utilized by ILECs.

service area. Customers subscribing to promotional offerings receive a one-time or short-term benefit that shall not exceed ninety (90) calendar days.

- N. “Retail Telecommunications Services” are the telecommunications services, other than Interconnection Services, which are offered by ILECs and regulated by the Commission.
- O. “Telecommunications Service” is the offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available to the public, regardless of the facilities used.
- P. The term “Tier” refers to a category of wire centers demonstrating similar levels of competitive activity and may include only a subcategory of service associated with a wire center (business or residential).
- Q. Total Service Long Run Incremental Cost (‘TSLRIC’) is the incremental cost that would be incurred for the entire volume of a service. TSLRIC methodology considers all volume sensitive costs (i.e., costs that change with a change in unit demand) and volume insensitive costs (i.e., costs that do not change with a change in unit demand, but are required by the service) directly caused by and associated with that service.
- R. “Work Day” is defined as Monday through Friday and excludes weekends and officially recognized State holidays.

3. COMPETITIVE CATEGORIES (TIERS)

For purposes of the Plan, each ILEC’s service territory shall first be divided into geographical affiliation based on Metropolitan Statistical Areas (“MSAs”). However, the MSAs shall only be used as a guideline for assigning wire centers to a competitive Tier. Competitive activity and not geographical affiliation ultimately determines wire center assignment to one of three (3) Tiers. Each Tier will contain wire centers demonstrating similar competitive activity. Because competition for business telecommunication services can develop absent a similar level of competitive activity for residence service, a wire center may be assigned to one competitive Tier for business service and another for residential service. The ILEC shall request assignment of wire centers and provide justification for the proposed assignment. The Commission, however, will determine the initial classification of wire centers to each of the competitive Tiers. Additionally, on each anniversary of the Plan, the Commission may review and redefine the criteria used to assign wire centers to each of the competitive Tiers.

Initially, the following MSAs shall be designated as Tier I MSAs: Birmingham-Hoover, Mobile, Montgomery, and Huntsville. The remaining MSAs, Anniston, Auburn/Opelika, Columbus (Georgia), Decatur, Dothan, Florence, Gadsden,

Pensacola (Florida), and Tuscaloosa, shall be designated as Tier II MSAs. The Non-MSA areas of the State shall be grouped together for regulatory purposes³⁶. If deemed necessary, criteria in addition to those specified in Section 4 for defining levels of competitive activity may be identified by the Commission and the Company. Wire centers may be assigned to Tier I, Tier II, or Tier III on that basis. The Commission will, however, notify all interested parties of proposed modifications to the wire center assignment criteria and allow for intervention and/or requests for hearing that are supported by adequate grounds.

4. CLASSIFICATION AND RECLASSIFICATION OF WIRE CENTERS

Factors upon which ILECs may request classification of wire centers into the competitive Tiers may include, but are not limited to, collocation arrangements, residential and/or business competitive market share, alternative sources of switching, alternative sources of transport, etc. Further, pricing and availability of competitive residential alternatives will be used to determine the classification of residential service in each wire center to a competitive category. ILECs will submit supporting documentation justifying the requested classification.

On each anniversary of the Plan, ILECs may file requests to reclassify Tier I, Tier II, or Tier III wire centers. ILECs shall file supporting documentation justifying the reclassification of wire centers to a different competitive Tier. Factors upon which ILECs may base its reclassification request are referenced in the preceding paragraph and must include a separate analysis for residential service.

5. SERVICE CATEGORIES

Each telecommunications service offered by ILECs and regulated by the Commission shall be assigned to one of two (2) categories: (1) Retail; and (2) Interconnection Services.

6. TARIFFS

ILECs shall file tariffs for all telecommunications services offered by ILEC and regulated by the Commission, except as specifically exempted herein. Tariffs shall be filed for any proposed change to terms, conditions, and/or prices.

³⁶ All non-MSA wire centers will be assigned to Tier II upon a petition by the applicable ILEC wherein the ILEC demonstrates to the Commission's satisfaction that fifty (50) percent or more of the ILEC's non-MSA wire centers are experiencing intra-modal, UNE or facilities-based competition (resale competition excluded) as evidenced by wire line telephone service being provided to subscribers within the non-MSA wire center boundary.

Tariffs shall become effective in accordance with the provisions of subsections (A) – (F) below. The Commission retains the authority to investigate a tariff on its own motion, by intervention of another party, or as the result of a complaint filed pursuant to §37-1-83 of the Code. Any such motion, intervention or complaint shall specifically enumerate the rules and regulations of the Plan and/or Title 37 of the Code of Alabama, 1975 (the “Code”) that have been violated.

If the Commission initiates an investigation of a tariff on its own motion, the tariff in question may be suspended for up to ninety (90) days. If the Commission initiates an investigation based on the intervention of another party or the filing of a complaint pursuant to §37-1-83 of the Code, the tariff shall remain in effect pending completion of the investigation and hearing. In lieu of the suspension of proposed tariffs as the result of intervention by another party or the filing of a complaint by another party pursuant to §37-1-83 of the Code, the following procedures will be in effect.

If the Commission initiates an investigation of a tariff based on the intervention or complaint of another party within sixty (60) days of the effective date of said tariff and orders a decrease in a price or prices contained therein, ILECs shall be required to credit the difference between the effective price or prices and the Commission-ordered price or prices to affected customers during that period of time the tariff was effective, but not to exceed one-hundred, fifty (150) days.

- A. Tariffs proposing changes to terms or conditions for telecommunications services offered by ILECs and regulated by the Commission shall be filed with an Effective Date at least ten (10) Work Days following the File Date.
- B. Tariffs proposing price reductions for telecommunications services offered by ILECs and regulated by the Commission shall be filed with an Effective Date at least five (5) Work Days following the File Date.
- C. Tariffs proposing price increases for Retail Telecommunications Services³⁷, Switched Access Services, or Special Access Services in Tier I shall be filed with an Effective Date at least five (5) Work Days following the File Date. Price increases for Retail Telecommunications Services, Switched Access Services, or Special Access Services in Tier II and Tier III shall be filed with an Effective Date at least ten (10) Work Days following the File Date.
- D. Tariffs proposing price increases for Non-discretionary Retail Telecommunication Services shall be filed with an Effective date at least thirty (30) Work Days following the File Date.
- E. Tariffs for New Services shall be filed with an Effective Date at least five (5) Work Days following the File Date.

³⁷ Except those Retail Telecommunication Services listed as “Non-discretionary”.

- F. Tariffs that grandfather and/or eliminate telecommunications services shall be filed with an Effective Date at least twenty-five (25) Work Days following the File Date. For tariffs that eliminate telecommunications services, the tariff shall provide customers no less than one hundred, eighty (180) calendar days following the Effective Date during which affected customers will be given the opportunity to subscribe to alternative services before a customer's current services are eliminated.

7. PRICING RULES

A. Pricing Rules – General

- (1) The price for any new or existing service shall equal or exceed its TSLRIC unless: (1) specifically exempted by the Commission based on public interest concerns; or (2) the ILEC in good faith, and upon Commission approval, prices the service in order to meet the equally low price of a competitor.
- (2) In the event that the ILEC prices a service below TSLRIC to meet the equally low price of a competitor, any intrastate universal service fund which may exist cannot be utilized to offset the resulting revenue shortfall.
- (3) No price reductions that will result in prices below TSLRIC will be allowed unless approved by the Commission. No price reductions will be allowed for any existing services that are priced below TSLRIC on the effective date of this Plan, unless approved by the Commission.
- (4) When no TSLRIC study is readily available, the Commission may, at its discretion, consider a surrogate for the TSLRIC cost study as the basis for analyzing the price floor requirement.

B. Pricing Rules – Retail Services

(1) FLAT-RATE RESIDENTIAL AND BUSINESS SERVICE

- a. Upon approval of this Plan for ILECs, prices for 1FR service in all Tiers and 1FB service in Tier III shall be capped at existing levels for two (2) years unless the Commission approves the classification of non-MSA wire centers/Tier III into Tier II as specified in Footnote 36. 1FB prices in Tier I and Tier II will be adjusted at the discretion of the ILEC subject to the limitations specified for Other Retail Telecommunication Services in Part 7B(4).
- b. Following the second and fourth anniversaries of this Plan, prices for 1FR service (including 1FB for Tier III) may, at the discretion of the

Company³⁸, be increased by five percent (5%). However, the tariff price for 1FR service shall not exceed eighteen dollars (\$18) per month and the tariff price for 1FB service in Tier III shall not exceed \$39.95 per month unless, following notice and hearing, specifically approved by the Commission. Price increases for 1FR service (including 1FB for Tier III) will only be authorized in those wire centers compliant with the Commission's service quality objectives set forth in this Plan (as of the applicable anniversary date referenced above). Otherwise, prices for 1FR service (including 1FB for Tier III) in those wire centers that fail to meet the service quality objectives will remain unchanged until found in compliance.

- c. Within 90 days following the sixth anniversary of the plan, the Commission will make a further assessment of 1FR and 1FB prices and may schedule future adjustments as deemed necessary.

(2) NON-DISCRETIONARY RETAIL SERVICES

Prices for Non-Discretionary Retail Telecommunication Services as annotated on Attachment B, shall not be increased at the discretion of ILEC.³⁹ The ILEC may request increases for the prices of these services, on a case-by-case basis in accordance with the filing requirements.

(3) VERTICAL SERVICES

Upon approval of this Plan, the price for Residential Call Waiting, Caller I.D. and Caller I.D. Deluxe may be adjusted to mirror BellSouth's prices for those services. Thereafter, prices for Residential Call Waiting, Caller I.D. and Caller I.D. Deluxe will be capped for two years. Pricing Rules for Other Retail Telecommunication Services, Part 7B(4), shall apply for all other Business and Residential Vertical Services. Beginning with the second anniversary of the Plan, the pricing rules in 7B(4) shall thereafter apply to Residential Call Waiting, Caller I.D. and Caller I.D. Deluxe.

(4) OTHER RETAIL TELECOMMUNICATIONS SERVICES

Prices for other Retail Telecommunications Services (except as provided in Part 7B(3) and excluding Non-discretionary Retail Services) may be adjusted at the discretion of ILECs subject to the following limitations:

- (a) Tier I increases shall be at the discretion of the ILEC.

³⁸ The Company has the discretion to apply rate increases by competitive Tier (e.g., increase Tier II and/or Tier III but not Tier I or apply the authorized 1FR increases but not 1FB increases). Rates may also be decreased in one or more competitive sectors while increased in others. However, any unapplied increases will not be accumulated and applied at a later date.

³⁹ The tariff section designations noted in Attachment B (see pages 19-21) are applicable to BellSouth only.

- (b) Tier II increases shall be limited to fifteen percent (15%) annually per service for the first two years of the Plan. Beginning with the second anniversary of the Plan, Tier II increases shall be limited to twenty percent (20%) annually per service. Beginning with the fourth anniversary of the Plan, Tier II increases shall be limited to twenty-five percent (25%) annually per service.⁴⁰
- (c) Tier III increases shall be limited to five (5%) annually per service for the first three years of the Plan. Beginning with the third anniversary of the Plan, Tier III increases shall be limited to ten percent (10%) annually per service. Beginning with the sixth anniversary of the Plan, Tier III increases shall be limited to fifteen percent (15%) annually per service.

C. Pricing Rules – Switched/Special Access Services and Local Access Services

- (1) The ILEC's combination of the traffic sensitive per minute charge for originating and terminating switched access service will be capped⁴¹ at the effective intrastate level (including any non-traffic sensitive rate elements) and special access charges capped at the interstate level as of the date this Plan is implemented.⁴²
- (2) No Commission-directed intrastate access reduction will occur unless the subsidy to non-bundled, existing traditional flat-rate local exchange services for residential service provided by switched access is replaced by an end user charge, an increase in local service rates (in addition to those provided for in Part 7B of this Plan), or by the introduction of an intrastate universal service fund. The establishment of an end user charge, any increase in local rates (beyond those provided for in Part 7B of this plan) or the establishment of an intrastate universal service fund will only occur following notice and hearing.
- (3) Regarding Local Access Services, the resale discount applicable to ILEC's prices for standalone, regulated retail telecommunications services and terms, conditions, and prices for unbundled network elements will be formally reviewed and appropriately adjusted periodically following a hearing by the

⁴⁰ The percentage limitations specified in 7B(4)(b) and (c) shall not apply for any service priced at or below \$3.00 per month or per use upon implementation of this Plan. Instead, the annual percentage increase limit for any service priced at or below 3.00 per month or per use shall be thirty five percent (35%) until such time as the service is priced above \$3.00 per month or per use.

⁴¹ Excludes any access reductions associated with the USF High Cost Fund distribution, should it be eliminated or significantly reduced. The cap applies to interstate switched access charges without application of subsidy from the USF High Cost Fund annual distribution.

⁴² All existing contract service arrangements and volume contracts/agreements are excluded from the interstate cap with respect to special access charges.

Commission. Further, ILECs shall agree to the Code of Conduct attached hereto as Attachment C.

8. CONTRACT SERVICE ARRANGEMENTS

- A. Customer-specific contract service arrangements ("CSAs") may be offered by the ILEC to customers in Tier I⁴³ for any product or service provided by ILECs and regulated by the Commission. CSAs may be offered by ILECs to customers in Tier II and Tier III for any product or service provided by ILEC and regulated by the Commission in response to a competitive alternative or other unique circumstances.⁴⁴ Rates, terms, conditions, and additional regulations, if applicable, for the CSA will be developed on an individual case basis and will include all relevant costs, plus an appropriate level of contribution. Unless otherwise specified, regulations applicable to a CSA are in addition to the applicable rates and regulations specified in ILEC's tariffs.
- B. On the fifth Work Day of each month, ILECs will provide the Commission, with a summary of the CSAs offered for the preceding calendar month. The summary will include the identification of the customer, the competitive Tier associated with the customer, a list of the services offered under the CSA, the retail price for each service from the tariff, the CSA price, a summary of TSLRIC support, and details about competitive alternatives if the CSA is offered in Tier II or Tier III. ILECs will provide the CSA summary electronically via secure web page or other data storage medium. ILECs will, as required, provide the Commission staff with access to detailed TSLRIC cost support for any CSA the staff chooses to review. ILECs and the Attorney General agree to keep a comprehensive proprietary agreement in effect at all times to allow the Attorney General access to any proprietary/confidential information provided to the Commission's staff. All CSA information and supporting data is proprietary and will not be released to parties outside the Commission and Attorney General's Office without the written consent of the CSA customer and the ILEC.
- C. The Commission retains authority to investigate CSAs. Should any CSA be found in non-compliance with the requirements of 8A to this Plan and/or to be priced below the price floor without the Commission's prior approval, the Commission may take remedial action to include suspending, for any period deemed appropriate by the Commission, the CSA provisions of this Plan for the ILEC.

⁴³ If a CSA customer has locations in Tier I and Tier II/Tier III, all of the locations will be treated as Tier I

⁴⁴ As previously referenced, the term "other unique circumstances" is defined as a unique customer telecommunications service requirement wherein a competitive alternative does not necessarily exist but the arrangement of products and/or services is generally unavailable in the approved tariff or wherein the Commission deems it to be in the public interest to offer the products and services at prices below those authorized in the approved tariff on a case-by-case basis.

9. PROMOTIONS, CUSTOMER VALUE PROGRAMS, MARKETING/TECHNICAL TRIALS, & BUNDLED SERVICES

A. General

The following rules apply to all Promotions, Customer Value Programs, Marketing/Technical Trials, and Bundled Service Offerings submitted for the Commission's consideration.

- (1) Promotions, Customer Value Programs, Marketing/Technical Trials, and Bundled Service Offerings will be priced above TSLRIC. ILECs will, as required, provide the Commission staff with access to detailed cost support for any of the above referenced offerings the staff chooses to review.
- (2) For purposes of complying with the cost floor requirement, the Plan assumes a pro rata allocation⁴⁵ of the discount in retail price associated with the entire offering is applicable to the regulated services portion of the offering unless demonstrated otherwise to the Commission's satisfaction. The TSLRIC cost floor requirement is applicable only to services regulated by the Commission. Regulated services already priced at or below TSLRIC due to regulatory mandate (e.g., 1FR service) will be excluded from the cost floor limitation and the pro-rata discount allocation.
- (3) A transmittal letter shall be provided to the Commission within five (5) Work Days following the effective date and will include the supporting documentation referenced in Parts 9B, 9C, 9D, and 9E.
- (4) Additional cost support will, upon request, be submitted electronically to the Commission's Telecommunications Division under standing proprietary agreement to include:
 - (a) Cost floor support for all regulated services included in Promotions, Customer Value Programs, Marketing/Technical Trials, and Bundled Service Offerings;
 - (b) The stand-alone retail price (or package price if not marketed on a stand-alone basis) for both regulated and unregulated services.
- (5) The Commission retains authority to investigate Promotions, Customer Value Programs, Marketing/Technical Trials, and Bundled Service Offerings. Should any be found in non-compliance with the requirements of Part 9 to this

⁴⁵ If, for example, the discount from the combined retail prices of both regulated and unregulated services is 20%, the discount applied to the retail price for regulated services is assumed to be 20% and the resulting discounted price must exceed the TSLRIC for those regulated services. In those cases where a contract exists between the ILEC and affiliated or non-affiliated providers of unregulated services that spells out the discount applicable to the non-regulated services, the Commission may use the contractual discounts for those non-regulated services in lieu of the pro rata allocation for its cost floor analysis.

Plan and/or to be priced below the TSLRIC price floor without the Commission's prior approval, the Commission may take remedial action to include suspending, for any period deemed appropriate by the Commission, the provisions of this Plan whereby ILEC may offer Promotions, Customer Value Programs, Marketing/Technical Trials, and Bundled Service Offerings.

B. Promotions

Subject to the availability of products, services, and facilities, Promotions will be available to all subscribers meeting the eligibility criteria as set forth in the Promotion. The following supporting documentation must be provided for the promotion:

- (1) A description of the Promotion (including terms, conditions and price);
- (2) A description of the geographic area in which the Promotion will be offered;
- (3) The eligibility criteria for the Promotion;
- (4) The marketing period (beginning and ending dates);
- (5) A detailed description of the services included in the Promotion; and,
- (6) Availability for resale.

C. Customer Value Programs:

Customer Value Programs (CVPs) will be available on a non-discriminatory basis to all subscribers meeting the eligibility criteria for each Program. The following supporting documentation must be provided for the CVP:

- (1) A description of the CVP (including terms, conditions and price);
- (2) A description of the geographic area in which the CVP will be offered;
- (3) The eligibility criteria for the CVP;
- (4) The marketing period (beginning and ending dates); and,
- (5) Availability for resale.

D. Marketing/Technical Trials

The following supporting documentation must be included must be provided for all Marketing/Technical Trials:

- (1) A description of the parameters of the Trial (including terms and conditions);
- (2) A description of the geographic area in which the Trial will be offered; and,
- (3) The rates and charges for the Trial, including any applicable range of rates within which the rates may be increased or decreased.

Marketing/Technical Trials may be offered for not less than one (1) month or not more than twelve (12) months.

E. Bundled Services⁴⁶

- (1) Subject to the availability of products, services, and facilities, Bundled Services will be available to all subscribers meeting the eligibility criteria for such Bundled Services. The services bundle must be made available to qualified customers, on a non-discriminatory basis, at their request.
- (2) The following supporting documentation must be provided for all Bundled Service offerings:
 - a. A detailed description for each Bundled Service including whether the service is regulated or unregulated, terms, conditions, and the bundled price;
 - b. A description of the geographic area in which the Bundled Service will be offered;
 - c. The eligibility criteria for the Bundled Service;
 - d. The marketing period (beginning and ending dates); and,
 - e. Availability for resale.

10. SERVICE QUALITY

- A. The Commission will monitor service quality as specified in Attachment D. ILECs agree to provide, electronically if feasible and on time, all data and reports required by the Commission Staff for monitoring and/or investigating wholesale and retail service performance.
- B. If the ILEC fails to achieve the Commission's minimum service quality standards or otherwise fails to provide service deemed adequate and safe for

⁴⁶ Existing rules and regulations, such as those involving bill payment, the allocation of payments between regulated and nonregulated services, and discontinuance of service for non-payment, remain in effect when customers subscribe to Bundled Services, unless and until modified by the Commission.

the public, the Commission may, after notice and hearing, institute a probationary period for a length of time of the Commission's choosing during which the ILEC will be afforded an opportunity to achieve the Commission's requirements for service.⁴⁷ Following the probationary period, if the Commission's service requirements are not achieved, the Commission may require the ILEC to credit customer bills for 1FR/1FB⁴⁸ service in affected wire centers each month until the Commission's service requirements are achieved. The amount of the credit shall not exceed 15% of the monthly 1FR/1FB rate and may be retroactive to the beginning of the probationary period.

- C. ILECs will abide by all FCC and Commission rules and requirements, as currently exist, or as developed/modified on a going forward basis, for telephone number portability.

11. CUSTOMER NOTIFICATION

- A. ILECs will provide customer notification of any price increases to all affected customers either by bill message, bill insert or direct mail at the option of the Company at least seven (7) calendar days before any regulated prices are increased. Notice of a price increase shall include at a minimum the effective date of the price change(s), the existing price(s), and the new price(s).
- B. Any affected customer may, within thirty (30) days from the time of any price increase appearing on the customer's bill, elect to cancel his/her subscription to a service that has been increased and the ILEC will credit the customer's bill by the amount of the price increase if the increase has been reflected on the customer's bill prior to the cancellation of the service.⁴⁹

12. REPORTING & FILING REQUIREMENTS

- A. ILECs will comply with the Commission's filing requirements in either hard copy or electronic format (or both as directed by the Commission). ILECs will provide web access to their Commission approved tariffs and an archive of previously

⁴⁷ For the first year of the Plan, service quality performance will be monitored for informational purposes only and no penalty provisions shall apply. During that interim one year period, staff and the affected ILEC(s) will analyze service quality performance data for purposes of setting permanent service quality performance objectives that will be enforced beginning with the first anniversary of the Plan. At that time, the penalty provisions may be applied. However, the penalty provisions set forth herein will be applicable during the first year of the Plan in the event that the Commission determines the existence of service quality deficiencies which result in conditions that are unsafe for the public, in whole or in part.

⁴⁸ In addition to 1FR/1FB service, the credit applies to all other local calling plans. However, the amount of the credit applied to other local calling plans is based on the tariff rate for 1FR/1FB service.

⁴⁹ The notice and cancellation provisions of this rule may be superseded by effective agreements between customers and the ILEC.

approved tariff pages. Alternatively, ILECs will submit to the Commission, within 5 Work Days from the effective date of tariff revisions, an updated electronic version of their entire tariff and an updated archive of previously approved tariff pages. The archive of previously approved tariff pages is for revisions beginning no later than the implementation date of this Plan.

- B. On a monthly basis, ILECs will report the number and type of access lines (residence/business) served in each wire center.
- C. On a monthly basis, ILECs will report the customer name and location of pay phone service provider (PSP) and shared tenant service (STS) access lines served by the ILEC in each wire center.
- D. The Commission shall address other specific reporting requirements for this Plan under a separate docket.

13. CUSTOMER COMPLAINT RESOLUTION

The Commission's existing customer complaint procedures shall remain in effect.

14. COMMISSION OVERSIGHT

- A. The Alabama Telecommunications Regulation Plan ("ATRP") is hereby implemented by the Commission as an alternative method of regulating the telecommunications industry in Alabama pursuant to the provisions of Code of Alabama 1975, §37-1-80(b). Nothing in the Alabama Telecommunications Regulation Plan abrogates any statutorily granted authority of the Commission, including Code of Alabama, 1975 §37-1-80(a). The Commission reserves the right to exercise any authority statutorily granted to the Commission depending on the circumstances present in the telecommunications industry in Alabama. The Commission will, however, exercise any statutory provisions which are inconsistent with the ATRP only after notice and a hearing.
- B. Price regulation pursuant to this plan in no way diminishes the Commission's underlying right or responsibility to regulate ILECs, Large CLECs, Small CLECs and IXC's and to oversee their operations. With the adoption of the ATRP, the Commission will remain actively involved in public interest concerns such as what consumers pay, the quality of services rendered and received, the availability of new services and technologies and other consumer oriented issues. With this plan, the prices charged to consumers become the financial focus of the Commission, rather than earnings. Other regulatory issues and requirements remain pertinent. However, nothing herein shall relieve regulated telecommunications carriers in Alabama from their ongoing obligation to provide financial, cost or other related data that the Commission requires.

- C. The Commission specifically reserves the right to review and/or revise the Alabama Telecommunications Regulation Plan in the event of rulings and/or decisions from the federal and/or state court systems as well as the Federal Communications Commission which have a major impact on the telecommunications industry in Alabama. Revisions to the ATRP will, however, only be implemented by the Commission following notice and a hearing. The determination of whether a ruling and/or decision shall be reviewed by the Commission for purposes of revising the ATRP or otherwise shall be made by the Commission on its own motion or following a petition seeking such a determination by an interested party.

15. EXPANDED ALTERNATIVE DISPUTE RESOLUTION PROCEDURES

Commission conducted/supervised Mediation shall be available to any telecommunications carrier subject to the jurisdiction of the Commission for purposes of resolving disputes with other carriers. Mediation is a dispute resolution mechanism primarily available for two-party disputes, and is not to be used in substitution of generic dockets or workshops absent express agreement of all parties. The purpose of mediation is to create a voluntary forum whereby the parties may, at their own option, openly communicate with each other with the goal of reaching resolution of issues between the parties. The Alabama Public Service Commission encourages such discussions and will work with the parties to facilitate the mediation.

The Rules governing Mediation as established herein are set forth in Attachment E. The Mediation of disputes arising as the result of negotiations instituted and conducted pursuant to § 252 of the Telecommunications Act of 1996 will continue to be addressed pursuant to Rule T-25 of the Commission's Telephone Rules.

16. COMMISSION REVIEW

The Commission will conduct an assessment of this Plan beginning with the first anniversary date of the Plan in 2005 and will complete the assessment within one hundred and eighty (180) days following the first anniversary date. An additional assessment will be conducted on the third anniversary date. The need for and frequency of future assessments will be determined at that time.

The Commission may not modify or repeal any portion of this Plan without notice and hearing. ILECs or any affected third party may, as market conditions change, petition the Commission for modifications to this Plan. Modifications will only be made following notice and hearing by the Commission.

PART IV

LARGE CLEC PRICE FLEXIBILITY PLAN

1. APPLICABILITY OF THE LARGE CLEC PRICE FLEXIBILITY PLAN

The Large CLEC Price Flexibility Plan (the “Large CLEC Plan” or the “Plan”) for Large Competitive Local Exchange Carriers (“CLECs”) applies to all telecommunications services offered by CLECs with five (5) or more percent of the total access lines in Alabama and regulated by the Commission.

2. DEFINITIONS

- A. “Bundled Services” are a combination of services offered as a package, whether at a single price or with the availability of the price for one contingent on the purchase of the other(s). A Bundled Service may be comprised of any telecommunications service or non-telecommunication service offered by the Large CLEC in any combination with telecommunication or non-telecommunication service(s) offered by a Large CLEC’s affiliate and/or with a non-affiliated third party provider.
- B. “Contract Service Arrangement” (“CSA”) is an arrangement wherein Large CLEC provides services pursuant to a contract between the Large CLEC and customers. Such arrangements include situations in which the services are not otherwise available through Large CLEC’s tariffs, as well as situations in which the services are available through Large CLEC’s tariffs, but the Large CLEC offers those services at prices other than those specified in CLEC’s tariffs.
- C. “Customer Value Program” (CVP) is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-regulated service and/or non-telecommunications service by Large CLECs to eligible customers in the Large CLEC’s service area. Customers subscribing to such programs will receive ongoing benefits for a duration that may exceed ninety (90) calendar days. Essentially, CVPs are long-term promotions (greater than 90 days in duration).
- D. “Effective Date” is the proposed date on which a new tariff or tariff revision is considered effective. The Effective Date is based on a specified number of Work Days following, but excluding, the File Date.⁵⁰

⁵⁰ Tariffs submitted pursuant to this plan have no validity, presumptive or otherwise until they are allowed by the Commission to go into effect on the date specified.

- E. “Eligibility Criteria” are the factors used to determine the customers and/or potential customers who would qualify for a Promotion, Customer Value Program, Marketing/Technical Trial, or Bundled Service: i.e., current services or services a customer must subscribe to, monthly spend, service or usage volume, term commitment, geographic location, such as wire center, and/or any other identifiable characteristic.
- F. “File Date” is the official date recorded by the office of the Director of the Commission’s Administrative Division (Commission Secretary) for any proposed tariff or tariff revision submitted by a telecommunications provider and accepted by the Commission. The File Date is considered administrative in nature.
- G. “Marketing/Technical Trial” is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-regulated service and/or non-telecommunications service by a Large CLEC to eligible customers on a trial basis in the Large CLEC’s service area for technical and/or marketing purposes. Such trials shall be for the purpose of evaluating, in an operating environment, the performance and pricing of the specific service or services in conjunction with other marketing and environmental factors that can influence customer demand.
- H. “New Service” is a regulated function, feature, capability, or any combination thereof, which is not offered by the Large CLEC as of the effective date of this Plan.
- I. “Non-discretionary Retail Telecommunication Services” are those services for which the Commission limits the degree of regulatory discretion otherwise provided in the Plan for Retail Telecommunications Services.
- J. “Promotion” is the offering of a telecommunications service, combination of telecommunications services, or a telecommunications service or combination of telecommunications services in conjunction with a non-regulated service and/or non-telecommunications service by Large CLECs to eligible customers in the Large CLEC’s service area. Customers subscribing to promotional offerings receive a one-time or short-term benefit that shall not exceed ninety (90) calendar days.
- K. “Retail Telecommunications Services” are the telecommunications services, other than Interconnection Services, which are offered by the Large CLEC and regulated by the Commission.
- L. “Telecommunications Service” is the offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available to the public, regardless of the facilities used.

- M. The term “Tier” refers to a category of wire centers demonstrating similar levels of competitive activity and may include only a subcategory of service associated with a wire center (business or residential).
- N. Total Service Long Run Incremental Cost (‘TSLRIC’) is the incremental cost that would be incurred for the entire volume of a service. TSLRIC methodology considers all volume sensitive costs (i.e., costs that change with a change in unit demand) and volume insensitive costs (i.e., costs that do not change with a change in unit demand, but are required by the service) directly caused by and associated with that service.
- O. “Work Day” is defined as Monday through Friday and excludes weekends and officially recognized State holidays.

3. TARIFFS

Large CLECs shall file tariffs for all telecommunications services offered by the Large CLEC and regulated by the Commission, except as specifically exempted herein. Tariffs shall be filed for any proposed change to terms, conditions, and/or prices.

Tariffs shall become effective in accordance with the provisions of subsections (A) – (G) below. The Commission retains the authority to investigate a tariff on its own motion, by intervention of another party, or as the result of a complaint filed pursuant to §37-1-83 of the Code. Any such motion, intervention or complaint shall specifically enumerate the rules and regulations of the Plan and/or Title 37 of the Code of Alabama, 1975 (the “Code”) that have been violated.

If the Commission initiates an investigation of a tariff on its own motion, the tariff in question may be suspended for up to ninety (90) days. If the Commission initiates an investigation based on the intervention of another party or the filing of a complaint pursuant to §37-1-83 of the Code, the tariff shall remain in effect pending completion of the investigation and hearing. In lieu of the suspension of proposed tariffs as the result of intervention by another party or the filing of a complaint by another party pursuant to §37-1-83 of the Code, the following procedures will be in effect.

If the Commission initiates an investigation of a tariff based on the intervention or complaint of another party within sixty (60) days of the effective date of said tariff and orders a decrease in a price or prices contained therein, Large CLECs shall be required to credit the difference between the effective price or prices and the Commission-ordered price or prices to affected customers during that period of time the tariff was effective, but not to exceed one-hundred, fifty (150) days.

- A. Tariffs proposing changes to terms or conditions for telecommunications services offered by Large CLECs and regulated by the Commission shall be filed with an Effective Date at least ten (10) Work Days following the File Date.
- B. Tariffs proposing price reductions for telecommunications services offered by Large CLECs and regulated by the Commission shall be filed with an Effective Date at least five (5) Work Days following the File Date.
- C. Tariffs proposing price increases for Retail Telecommunications Services⁵¹, Switched Access Services, or Special Access Services in Tier I shall be filed with an Effective Date at least five (5) Work Days following the File Date. Price increases for Retail Telecommunications Services, Switched Access Services, or Special Access Services in Tier II and Tier III shall be filed with an Effective Date at least ten (10) Work Days following the File Date.
- D. Tariffs proposing price increases for Non-discretionary Retail Telecommunication Services shall be filed with an Effective date at least thirty (30) Work Days following the File Date.
- E. Tariffs for New Services shall be filed with an Effective Date at least five (5) Work Days following the File Date.
- F. Tariffs that grandfather and/or eliminate telecommunications services shall be filed with an Effective Date at least twenty-five (25) Work Days following the File Date. For tariffs that eliminate telecommunications services, the tariff shall provide customers no less than one hundred, eighty (180) calendar days following the Effective Date during which affected customers will be given the opportunity to subscribe to alternative services before a customer's current services are eliminated.
- G. Large CLECs will not market and/or advertise regulated services by a different name and/or rate structure than that included in the tariff on file with the Commission.

4. PRICING RULES

A. Pricing Rules – General

- (1) The price for any new or existing service shall equal or exceed its TSLRIC unless: (1) specifically exempted by the Commission based on public interest concerns; or (2) the Large CLEC in good faith, and upon Commission approval, prices the service in order to meet the equally low price of a competitor.

⁵¹ Except those Retail Telecommunication Services listed as “Non-discretionary”.

- (2) No price reductions that will result in prices below TSLRIC will be allowed unless approved by the Commission. No price reductions will be allowed for any existing services that are priced below TSLRIC on the effective date of this Plan, unless approved by the Commission.
- (3) When no TSLRIC study is readily available, the Commission may, at its discretion, consider a surrogate for the TSLRIC cost study as the basis for analyzing the price floor requirement.

B. Pricing Rules – Retail Services

Prices for Retail Telecommunications Services may be adjusted at the discretion of the Large CLEC.

5. CONTRACT SERVICE ARRANGEMENTS

- A. Large CLEC CSAs shall comply with the rules for the ILEC service area wherein the affected Large CLEC customers are located (Part I or Part III of this plan, whichever applies).
- B. The Commission retains authority to investigate CSAs. Should any CSA be found in non-compliance with the requirements of 8A to this Plan and/or to be priced below the TSLRIC price floor without the Commission's prior approval, the Commission may take remedial action to include suspending, for any period deemed appropriate by the Commission, the CSA provisions of this Plan for the Large CLEC.

6. PROMOTIONS, CUSTOMER VALUE PROGRAMS, MARKETING/TECHNICAL TRIALS, & BUNDLED SERVICES

Large CLECs shall comply with the rules for the ILEC service area wherein the affected Large CLEC customers are located (Part I or Part III of this plan, whichever applies)

7. SERVICE QUALITY

- A. The Commission will monitor service quality as specified in Attachment D. Large CLECs agree to provide, electronically if feasible and on time, all data and reports required by the Commission Staff for monitoring and/or investigating wholesale and retail service performance

- B. If the Large CLEC fails to achieve the Commission's minimum service quality standards or otherwise fails to provide service deemed adequate and safe for the public, the Commission may, after notice and hearing, institute a probationary period for a length of time of the Commission's choosing during which the Large CLEC will be afforded an opportunity to achieve the Commission's requirements for service.⁵² Following the probationary period, if the Commission's service requirements are not achieved, the Commission may require the Large CLEC to credit customer bills for 1FR/1FB⁵³ service in affected wire centers each month until the Commission's service requirements are achieved. The amount of the credit shall not exceed 15% of the monthly 1FR/1FB rate and may be retroactive to the beginning of the probationary period.
- C. Large CLECs will abide by all FCC and Commission rules and requirements, as currently exist, or as developed/modified on a going forward basis, for telephone number portability.

8. CUSTOMER NOTIFICATION

- A. Large CLECs will provide customer notification of any price increases to all affected customers either by bill message, bill insert or direct mail at the option of the Company at least seven (7) calendar days before any regulated prices are increased. Notice of a price increase shall include at a minimum the effective date of the price change(s), the existing price(s), and the new price(s).
- B. Any affected customer may, within thirty (30) days from the time of any price increase appearing on the customer's bill, elect to cancel his/her subscription to a service that has been increased and Large CLEC will credit the customer's bill by the amount of the price increase if the increase has been reflected on the customer's bill prior to the cancellation of the service.⁵⁴

9. REPORTING & FILING REQUIREMENTS

- A. Large CLECs will comply with the Commission's filing requirements in either hard copy or electronic format (or both as directed by the Commission). Large CLECs will provide web access to their Commission approved tariffs and an

⁵² For the first year of the Plan, service quality performance will be monitored for informational purposes only and no penalty provisions shall apply. During that interim one year period, staff and the affected LEC(s) will analyze service quality performance data for purposes of setting permanent service quality performance objectives that will be enforced beginning with the first anniversary of the Plan. At that time, the penalty provisions may be applied. However, the penalty provisions set forth herein will be applicable during the first year of the Plan in the event that the Commission determines the existence of service quality deficiencies which result in conditions that are unsafe for the public, in whole or in part.

⁵³ In addition to 1FR/1FB service, the credit applies to all other local calling plans. However, the amount of the credit applied to other local calling plans is based on the tariff rate for 1FR/1FB service.

⁵⁴ The notice and cancellation provisions of this rule may be superseded by effective agreements between customers and the CLEC

archive of previously approved tariff pages. Alternatively, Large CLECs will submit to the Commission, within 5 Work Days from the effective date of tariff revisions, an updated electronic version of their entire tariff and an updated archive of previously approved tariff pages. The archive of previously approved tariff pages is for revisions beginning no later than the implementation date of this Plan.

- B. On a monthly basis, Large CLECs will report the number of access lines served in each ILEC wire center.
- C. On a monthly basis, Large CLECs will report the customer name and location of pay phone service provider (PSP) and shared tenant service (STS) access lines served in each ILEC wire center.
- D. The Commission shall address other specific reporting requirements for this Plan under a separate docket.

10. CUSTOMER COMPLAINT RESOLUTION

The Commission's existing customer complaint procedures shall remain in effect. In addition, Large CLECs agree to abide by the Code of Conduct appended hereto as Attachment C to the extent applicable.

11. COMMISSION OVERSIGHT

- A. The Alabama Telecommunications Regulation Plan ("ATRP") is hereby implemented by the Commission as an alternative method of regulating the telecommunications industry in Alabama pursuant to the provisions of Code of Alabama 1975, §37-1-80(b). Nothing in the Alabama Telecommunications Regulation Plan abrogates any statutorily granted authority of the Commission, including Code of Alabama, 1975 §37-1-80(a). The Commission reserves the right to exercise any authority statutorily granted to the Commission depending on the circumstances present in the telecommunications industry in Alabama. The Commission will, however, exercise any statutory provisions which are inconsistent with the ATRP only after notice and a hearing.
- B. Price regulation pursuant to this plan in no way diminishes the Commission's underlying right or responsibility to regulate ILECs, Large CLECs, Small CLECs and IXC's and to oversee their operations. With the adoption of the ATRP, the Commission will remain actively involved in public interest concerns such as what consumers pay, the quality of services rendered and received, the availability of new services and technologies and other consumer oriented issues. With this plan, the prices charged to consumers become the financial focus of the Commission, rather than earnings. Other regulatory issues and requirements

remain pertinent. However, nothing herein shall relieve regulated telecommunications carriers in Alabama from their ongoing obligation to provide financial, cost or other related data that the Commission requires.

- C. The Commission specifically reserves the right to review and/or revise the Alabama Telecommunications Regulation Plan in the event of rulings and/or decisions from the federal and/or state court systems as well as the Federal Communications Commission which have a major impact on the telecommunications industry in Alabama. Revisions to the ATRP will, however, only be implemented by the Commission following notice and a hearing. The determination of whether a ruling and/or decision shall be reviewed by the Commission for purposes of revising the ATRP or otherwise shall be made by the Commission on its own motion or following a petition seeking such a determination by an interested party.

12. EXPANDED ALTERNATIVE DISPUTE RESOLUTION PROCEDURES

Commission conducted/supervised Mediation shall be available to any telecommunications carrier subject to the jurisdiction of the Commission for purposes of resolving disputes with other carriers. Mediation is a dispute resolution mechanism primarily available for two-party disputes, and is not to be used in substitution of generic dockets or workshops absent express agreement of all parties. The purpose of mediation is to create a voluntary forum whereby the parties may, at their own option, openly communicate with each other with the goal of reaching resolution of issues between the parties. The Alabama Public Service Commission encourages such discussions and will work with the parties to facilitate the mediation.

The Rules governing Mediation as established herein are set forth in Attachment E. The Mediation of disputes arising as the result of negotiations instituted and conducted pursuant to § 252 of the Telecommunications Act of 1996 will continue to be addressed pursuant to Rule T-25 of the Commission's Telephone Rules.

13. COMMISSION REVIEW

- A. The Commission will conduct an assessment of this Plan beginning with the first anniversary date of the Plan in 2005 and will complete the assessment within one hundred and eighty (180) days following the first anniversary date. An additional assessment will be conducted on the third anniversary date. The need for and frequency of future assessments will be determined at that time.
- B. The Commission may not modify or repeal any portion of this Plan without notice and hearing. Large CLECs or any affected third party may, as market conditions change, petition the Commission for modifications to this Plan. Modifications will only be made following notice and hearing by the Commission.

PART V

SMALL CLECS/TOLL SERVICE PROVIDER STREAMLINED REGULATION PLAN

1. APPLICABILITY OF THE SMALL CLEC/TOLL SERVICE PROVIDER STREAMLINED REGULATION

The Small CLEC Toll Service Provider Streamlined Regulation Plan (the “Small CLEC/Toll Provider Plan” or the “Plan”) for Inter-exchange Toll Carriers (“IXCs”) Toll Resellers and Small CLECs applies to all telecommunications services offered by Small CLECs and Toll Providers and regulated by the Commission. Small CLECs are defined as those with less than 5% of the total access lines in Alabama.

2. DEFINITIONS

- A. “Effective Date” is the proposed date on which a new tariff or tariff revision is considered effective. The Effective Date is based on a specified number of Work Days following, but excluding, the File Date.⁵⁵
- B. “File Date” is the official date recorded by the office of the Director of the Commission’s Administrative Division (Commission Secretary) for any proposed tariff or tariff revision submitted by a telecommunications provider and accepted by the Commission. The File Date is considered administrative in nature.
- C. “New Service” is a regulated function, feature, capability, or any combination thereof, which is not offered by the toll provider as of the effective date of this Plan.
- D. “Work Day” is defined as Monday through Friday and excludes weekends and officially recognized State holidays.

3. TARIFFS

Small CLECs and Toll Providers shall file tariffs for all telecommunications services offered by the Small CLECs/Toll Provider and regulated by the Commission, except as specifically exempted herein. Tariffs shall be filed for any proposed change to terms, conditions, and/or prices.

⁵⁵ Tariffs submitted pursuant to this plan have validity, presumptive or otherwise until they are allowed by the Commission to go into effect on the effective date specified in accordance with this plan.

Tariffs shall become effective in accordance with the provisions of subsections (A) – (C) below. The Commission retains the authority to investigate a tariff on its own motion, by intervention of another party, or as the result of a complaint filed pursuant to §37-1-83 of the Code of Alabama, 1975 (the “Code”). Any such motion, intervention or complaint shall specifically enumerate the rules and regulations of the Plan and/or Title 37 of the Code that have been violated.

If the Commission initiates an investigation of a tariff on its own motion, the tariff in question may be suspended for up to ninety (90) days. If the Commission initiates an investigation based on the intervention of another party or the filing of a complaint pursuant to §37-1-83 of the Code, the tariff shall remain in effect pending completion of the investigation and hearing. In lieu of the suspension of proposed tariffs as the result of intervention by another party or the filing of a complaint by another party pursuant to §37-1-83 of the Code, the following procedures will be in effect.

If the Commission initiates an investigation of a tariff based on the intervention or complaint of another party within sixty (60) days of the effective date of said tariff and orders a decrease in a price or prices contained therein, Small CLECs/Toll Providers shall be required to credit the difference between the effective price or prices and the Commission-ordered price or prices to affected customers during that period of time the tariff was effective, but not to exceed one-hundred, fifty (150) days.

- A. Tariffs proposing changes to terms or conditions, for new services, for rate changes associated with existing telecommunications services offered by Small CLECs/Toll Providers and regulated by the Commission, and tariffs that grandfather and/or eliminate telecommunications services shall be filed with an Effective Date at least one (1) Work Day following the File Date.
- B. Tariffs that grandfather and/or eliminate telecommunications services shall provide customers no less than thirty (30) calendar days following the Effective Date during which affected customers will be given the opportunity to subscribe to alternative services before a customer’s current services are eliminated.
- C. Small CLECs/Toll Providers will not market and/or advertise regulated services by a different name and/or rate structure than that included in the tariff on file with the Commission.

4. CUSTOMER NOTIFICATION

Small CLECs/Toll Providers will provide customer notification of any price increases to all affected customers either by bill message, bill insert or direct mail at the option of the Company at least seven (7) calendar days before any regulated prices are increased. Notice of a price increase shall include at a minimum the effective date of the price change(s), the existing price(s), and the new price(s).

Any affected customer may, within thirty (30) days from the time of any price increase appearing on the customer's bill, elect to cancel his/her subscription to a service that has been increased and Small CLECs/Toll Providers will credit the customer's bill by the amount of the price increase if the increase has been reflected on the customer's bill prior to the cancellation of the service.⁵⁶

5. REPORTING & FILING REQUIREMENTS

- A. Small CLECs/Toll Providers will comply with the Commission's filing requirements in either hard copy or electronic format (or both as directed by the Commission). Small CLECs/Toll Providers will provide web access to their Commission approved tariffs and an archive of previously approved tariff pages. Alternatively, Small CLECs/Toll Providers will submit to the Commission, within 5 Work Days from the effective date of tariff revisions, an updated electronic version of their entire tariff and an updated archive of previously approved tariff pages. The archive of previously approved tariff pages is for revisions beginning no later than the implementation date of this Plan.
- B. On a quarterly basis, Small CLECs/Toll Providers will report the customer name and service location of pay phone service provider (PSP) and shared tenant service (STS) customers in Alabama wherein the Small CLEC/Toll Provider serves as the underlying toll carrier.
- C. The Commission shall address other specific reporting requirements for this Plan under a separate docket.

6. CUSTOMER COMPLAINT RESOLUTION

The Commission's existing customer complaint procedures shall remain in effect. In addition, Small CLECs/Toll Providers shall abide by the Code of Conduct appended hereto as Attachment C to the extent applicable

7. EXPANDED ALTERNATIVE DISPUTE RESOLUTION PROCEDURES

Commission conducted/supervised Mediation shall be available to any telecommunications carrier subject to the jurisdiction of the Commission for purposes of resolving disputes with other carriers. Mediation is a dispute resolution mechanism primarily available for two-party disputes, and is not to be used in substitution of generic dockets or workshops absent express agreement of all parties. The purpose of mediation is to create a voluntary forum whereby the parties may, at their own option, openly

⁵⁶ The notice and cancellation provisions of this rule may be superseded by effective agreements between customers and Small CLEC/Toll Provider.

communicate with each other with the goal of reaching resolution of issues between the parties. The Alabama Public Service Commission encourages such discussions and will work with the parties to facilitate the mediation.

The Rules governing Mediation as established herein are set forth in Attachment E. The Mediation of disputes arising as the result of negotiations instituted and conducted pursuant to § 252 of the Telecommunications Act of 1996 will continue to be addressed pursuant to Rule T-25 of the Commission's Telephone Rules.

8. COMMISSION REVIEW

The Commission will conduct an assessment of this Plan beginning with the first anniversary date of the Plan in 2005 and will complete the assessment within one hundred and eighty (180) days following the first anniversary date. An additional assessment will be conducted on the third anniversary date. The need for and frequency of future assessments will be determined at that time.

- A. The Commission will conduct an assessment of this Plan beginning with the first anniversary date of the Plan in 2005 and will complete the assessment within one hundred and eighty (180) days following the first anniversary date. An additional assessment will be conducted on the third anniversary date. The need for and frequency of future assessments will be determined at that time.
- B. The Commission may not modify or repeal any portion of this Plan without notice and hearing. Small CLECs/Toll Providers or any affected third party may, as market conditions change, petition the Commission for modifications to this Plan. Modifications will only be made following notice and hearing by the Commission.

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ATTACHMENT C

Code of Conduct

(1) Definitions.

(a) Customer: Any person, firm partnership, corporation, municipality, cooperative, organization, governmental agency, etc., provided with telecommunications services by a Local Exchange Company.

(b) Local Exchange Company ("LEC") or Local Service Provider: A telecommunications company certified by the Commission to provide local exchange services.

(c) Proprietary Information: Information received by one LEC ("the receiving LEC") from another LEC ("the providing LEC") that: (i) the providing LEC reasonably designates as proprietary and confidential; or (ii) the receiving LEC has reason to believe the providing LEC intends to be treated as proprietary and confidential.

(d) Telecommunications service: Any service within the definition of "telecommunications service" set forth in 47 USC §153 (46).

(2) Nondiscrimination.

(a) No LEC shall represent, state, or imply that the sale, lease or use of any product or service provided by the LEC or any affiliate, agent or representative is conditioned upon the purchase, lease, use or continuation of any other product or service from such LEC or affiliate, agent or representative of such LEC if:

(i) such LEC or its affiliate, agent or representative does not in fact impose such condition; or

(ii) such LEC or its affiliate, agent or representative is prohibited by applicable law, rule, regulation, order or tariff from imposing such condition.

(b) Nothing herein shall preclude a LEC from bundling telecommunications services with other services as permitted by applicable law.

(3) Employee Conduct.

(a) LECs are prohibited from disparaging or degrading a competitor or its services or employees and must implement training, practices, and policies to comply with this requirement. In addition, no LEC employee, representative or agent while processing an order for the installation or while engaged in the actual installation, repair or restoration of service or equipment on behalf of another LEC shall either directly or indirectly:

(i) represent to any customer that such repair or restoration of service would have occurred sooner if the end-user had obtained service from the LEC of which such individual is an employee, representative or agent; or

(ii) promote the service of the LEC of which such individual is an employee, representative or agent to the customer.

(4) Marketing.

(a) No LEC shall make or disseminate or cause to be made or disseminated before the public by means of any media or advertising device or by public outcry or proclamation or any other manner or means any statement concerning its provision of any telecommunications service, or concerning any circumstances or matter of fact connected with the proposed performance or disposition thereof which is untrue or fraudulent and which is known or which by the exercise of ordinary care should be known to be untrue

or fraudulent.

(b) LECs shall comply with all applicable state and federal laws, rules and regulations concerning end user customer privacy.

(c) Consistent with the Federal Trade Commission (FTC) "Statement on Deceptive Advertising," LECs shall comply with the following requirements in marketing their telecommunications services:

(i) When an advertisement makes claims that are not directly false but might be misleading in the absence of qualifying or limiting information, the LEC is responsible for ensuring that the advertisement disclosures such qualifying or limiting information and that such disclosures are conspicuous;

(ii) A LEC must ensure that claims in an advertisement related to price must be clearly and conspicuously disclosed, including any monthly fees, minimum per-call charges, or any other information that significantly affects the total charge for the service, calling plan, or call; and

(iii) A LEC must clearly and conspicuously disclose in an advertisement any significant conditions or limitations on the availability of the advertised price.

(d) A LEC shall not misrepresent itself or any other affiliate in a manner that is misleading to an end user customer relative to the services it provides.

(e) A LEC shall not knowingly make unfair or inaccurate comparisons of services offered by another LEC. In making a comparison of the LEC's prices to the prices offered by a competitor, the LEC is making an implied representation that such prices are current and the LEC must have a reasonable basis for this representation.

(5) Transfer of Service.

(a) Subject to all applicable rules, regulations, and orders, no LEC shall:

(i) prevent an end user customer from changing from one LEC to another LEC in an efficient and reasonable manner;

(ii) interfere with an end user customer's selection of another local service provider; or

(iii) cause a change of an end user customer's local service provider without that customer's consent.

(6) Information Sharing and Disclosure.

(a) Each LEC has a duty to protect the confidentiality of proprietary information of, and relating to, any other LEC.

(b) Any LEC that receives or obtains proprietary information from another LEC for the purposes of providing any telecommunications service shall use such information only for such purpose, and shall not use such information for its own marketing efforts.

(7) Operational Requirements.

(a) LECs shall maintain and have on file with this Commission customer service contact information and a company contact escalation list. This information shall be filed on an annual basis, except that LECs shall file any changes to this information on a quarterly basis. The date for the annual filing shall be March 31st of each year. LECs shall make this information available to other LECs.

(b) When an end user customer has switched local service providers, the content of the original provider's final bill may not contain any information that can reasonably be construed as an attempt to target the customer, and ultimately dissuade the customer from moving to their new provider.

(c) LECs that receive "misdirected calls" from former end user customers (e.g., customers

who are trying to reach their current local service provider, but have in error reached their previous provider) must either transfer the customer to the current serving LEC or provide a contact number for that carrier.

(8) Winbacks.

(a) LECs shall observe a seven-day “waiting” period before attempting to win back customers from other LECs.

(b) This “waiting” period begins on the date of completion for the disconnect order that stops billing the end user as a retail customer of the original LEC and continues for seven (7) calendar days.

(c) During this “waiting” period, the original LEC must not contact the customer in an effort to win the customer back.

(d) The “waiting” period does not apply when the LEC receives inbound calls from end user customers who have either switched, are in the process of switching, or are considering, switching their local service provider.

(9) Preferred Local Carrier Freeze. LECs shall not provide or offer a preferred local carrier freeze.

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ATTACHMENT D

Alabama Public Service Commission
Telephone Service Quality Reporting
Narrative

General

1. Focus:
 - a. The service quality monitoring program, like the Alabama Telecommunications Regulatory Plan it supports, recognizes that competition is evolving in the local exchange market. Business services experience the highest degree of competitive activity and the staff anticipates that market forces are sufficient to ensure high quality business telephone service. Residential service is less competitive than the business market. Therefore, the staff will, for the most part, focus its time and resources on monitoring telephone service quality in the residential telecommunications market.
 - b. Furthermore, the staff recognizes that smaller LECs do not possess the resources to provide the data required under this program as frequently as do larger LECs. Consequently, LECs with less than 100K access lines, though subject to the same level of detail as those with 100K or more access lines, will have a somewhat less stringent reporting requirement.
2. First Year, Pilot Program: Staff and company representatives recognize that statistical measures, which are dissimilar to those used previously for service quality measurements, are extremely difficult to establish without a solid historical record. Therefore, all parties agree that data will be collected and reported for one-year, at which time, staff and utility personnel who participated in this workshop will reconvene to modify the performance measures as necessary to ensure that statistical measures are both relevant and effective. Staff will report to the Commission the results of the service quality performance measures during the pilot program. However, the service quality penalty provisions of the Alabama Telecommunications Regulatory Plan will not be applicable until permanent service quality performance measures are established following the first anniversary of the Plan.
3. Broadband Infrastructure Deployment Status/Plans: Facilities-based LECs will report, semi-annually by ILEC wire center, the exiting percentage of subscriber lines for which broadband service is being provided, the percentage of subscriber lines that are capable of broadband service (meet distance criteria to end office or RTU) within a 30-day period following a customer request for broadband access, and the estimated percentage of subscriber lines that will be broadband capable by the end of the succeeding 6-month report period.

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Alabama Public Service Commission
Telephone Service Quality Reporting
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4. Commission Review: Staff anticipates that competition for residential customers in Tier 1 and Tier 2 wire centers will eventually increase to the point that market forces will be sufficient to regulate telephone service quality. Consequently, any subsequent Commission review of the overall regulatory plan should also include a review of the wire centers for which this service quality monitoring will remain applicable.

Access Line Activity Report

1. Applicability: Applicable only to ILECs and CLECs who provide service via their own switch (excludes resale and service provided exclusively by UNE-P).
2. Purpose:
 - a. Identifies wire center and wire center location
 - b. Identifies basic service business and residential line growth
3. Proprietary data: Proprietary.
4. Reporting Frequency: Monthly for previous calendar month's activity.
5. Due: No later than the last work day of the month (e.g., data for October due NLT than the last work day in November).
6. Comments: CLECs will identify the ILEC exchange(s) (e.g., Birmingham exchange, Mobile exchange, etc.) associated with customers served by their switches. For switches serving customers multiple ILEC exchanges, CLECs will separate and report by ILEC exchange.
7. Applicable performance measures: N/A

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Residential Installations Report

1. Applicability: Applicable only to ILECs and CLECs who provide service via their own switch (excludes resale and service provided exclusively by UNE-P).
2. Purpose: Identifies response time for residential installations.
3. Proprietary data: Proprietary.
4. Reporting Frequency:
 - a. Monthly for companies with 100K or > total access lines.
 - b. Quarterly (but separated into monthly results) for companies with < 100K total access lines.
5. Due: No later than the last work day of the month following the end of the applicable report period (e.g., for companies reporting monthly, data for October due NLT the last work day in November; for companies reporting quarterly, data for JAN-MAR due NLT the last work day in April).
6. Comments: Working days only (excludes weekends and holidays).
7. Applicable performance measures: Using 12-month rolling average, ninety percent (90%) or greater of installations completed within 5 working days (120 working hours) after customer request for service is received.

Held Applications Report

1. Applicability: Applicable only to ILECs and CLECs having ETC status and who provide service via their own switch (excludes resale and service provided exclusively by UNE-P).
2. Purpose: Identifies customers who have requested and are awaiting basic service or relocation of existing basic service.
3. Proprietary data: Proprietary.

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4. Reporting Frequency: Monthly.
5. Due: No later than the last work day of the month (e.g., data for October due NLT the last work day in November).
6. Comments:
7. Applicable performance measures: N/A

Troubles Report

1. Applicability: Applicable only to ILECs and CLECs who provide service via their own switch (excludes resale and service provided exclusively by UNE-P).
2. Purpose: On a wire center basis,
 - a. Identifies total residential and business network troubles.
 - b. Identifies out-of-service troubles.
 - c. Identifies repeat troubles.
3. Proprietary data: Proprietary.
4. Reporting Frequency: Monthly.
5. Due: No later than the last work day of the month (e.g., data for October due NLT the last work day in November).
6. Comments:
 - a. "Total Trouble Reports" consists of **ALL** customer reported, network related troubles beginning with the central office through the customer NID (excludes inside wiring at customer's premises).
 - b. "Repeat Troubles" are identified as a customer reported trouble for the same line that a previous customer reported trouble was received within the previous 30-day period.
 - c. "Average Access Lines" consists of total residential and business access lines for the beginning of the report period plus the total residential and business access lines for the end of the report period (Access Lines Activity Report Column J + Column K) divided by two.

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- d. “Out-of-Service Troubles” consists of all customer reports that an out-of-service condition exists for their line or lines. A Customer trouble report that multiple lines are out-of-service that for that customer, at the same location and at the same time, constitutes a single out-of-service report.
 - e. Repeat Trouble and Out-of-Service trouble rates are as a percentage of Total Trouble Reports.
 - f. NOTE: The Commission will monitor trouble reports, repeat troubles, and out-of-service troubles on a monthly basis but for purposes of applying performance measures, the data will be compiled into 12-month rolling averages to reduce seasonal spikes. For example, the total troubles for the most recent month will be added to those for the previous 11 months and divided by the cumulative average access lines reported for the same period. Force Majeur may be requested on a case-by-case basis for wire centers affected by severe anomalies such as hurricanes, tornados, floods, or unusually severe ice/snow storms. Heavy periods of precipitation are not considered anomalies.
7. Applicable performance measures:
- a. Trouble report rate
 - i. Wire centers with 10K or more lines
 - 1. Exception Threshold (trigger when monthly wire center trouble report rates by disposition are required): Twelve month trouble report rate of 3.75% or higher or when any monthly trouble rate exceeds 7.5%.
 - 2. Minimum acceptable performance: Twelve month trouble report rate of 5.00% or less.
 - ii. Wire centers with 1000 or more lines but less than 10K lines
 - 1. Exception Threshold (trigger when monthly wire center trouble report rates by disposition are required): Twelve month trouble report rate of 5.25% or higher or when any monthly trouble rate exceeds 10.5%.
 - 2. Minimum acceptable performance: Twelve month trouble report rate of 7.00% or less.
 - iii. Wire centers with less than 1000 lines
 - 1. Exception Threshold (trigger when monthly wire center trouble report rates by disposition are required): Twelve month trouble report rate of 6.75% or higher or when any monthly trouble rate exceeds 13.5%.
 - 2. Minimum acceptable performance: Twelve month trouble report rate of 9.0% or less.

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- b. Repeated Trouble report rate
 - i. Wire centers with 10K or more lines
 - 1. Exception Threshold (trigger when monthly wire center trouble report rates by disposition are required): Twelve month repeated trouble report rate of 6.0% or higher or when any monthly repeated trouble rate exceeds 12.0%.
 - 2. Minimum acceptable performance: Twelve month repeated trouble report rate of 8.0% or less.
 - ii. Wire centers with 1000 or more lines but less than 10K lines
 - 1. Exception Threshold (trigger when monthly wire center trouble report rates by disposition are required): Twelve month repeated trouble report rate of 9.0% or higher or when any monthly repeated trouble rate exceeds 18.0%.
 - 2. Minimum acceptable performance: Twelve month repeated trouble report rate of 12.0% or less.
 - iii. Wire centers with less than 1000 lines
 - 1. Exception Threshold (trigger when monthly wire center trouble report rates by disposition are required): Twelve month repeated trouble report rate of 12.0% or higher or when any monthly repeated trouble rate exceeds 24.0%. Minimum 5 repeat troubles must be recorded before the monthly exception threshold of 24% applies.
 - 2. Minimum acceptable performance: Twelve month repeated trouble report rate of 16.00% or less.
- c. Out-of-Service (OOS) report rate: N/A

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Troubles (Exceptions) Report

1. Applicability:
 - a. Applicable only to ILECs and CLECs that provide service via their own switch (excludes resale and service provided exclusively by UNE-P).
 - b. **ILECs/CLECs with less than 100K total access lines will maintain the data requirements in a form readily accessible and available for Commission staff review (i.e., that allows us to build the exceptions report, in a reasonable period of time from records maintained by the company on its premises within the state of Alabama).**
2. Purpose: Submitted when 12-month exception and/or monthly threshold identified for the Troubles Report is exceeded. Separates troubles into disposition.
3. Proprietary data: Proprietary.
4. Reporting Frequency: Monthly.
5. Due: No later than the last work day of the month (e.g., data for October due NLT the last work day in November).

Residential Repair Response Report

1. Applicability: Applicable only to ILECs and CLECs who provide service via their own switch (excludes resale and service provided exclusively by UNE-P).
2. Purpose: Identifies repair response for out-of-service troubles and non out-of-service trouble.
3. Proprietary data: Proprietary.
4. Reporting Frequency: Monthly
5. Due: No later than the last work day of the month (e.g., data for October due NLT the last work day in November).

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6. Comments:
 - a. The 36-hour and 72-hour periods include business and non-business hours (i.e., weekends and holidays).
 - b. The time required for clearing the OOS or non-OOS service begins when the report is initiated by the customer, not when it is received by dispatch or repair personnel and ends when repair personnel report that service is restored and/or the trouble is cleared.
7. Applicable performance measures:
 - a. Using 12-month rolling average, 80% or greater OOS troubles cleared in 36 hours or less.
 - b. Using 12-month rolling average, 80% or greater non-OOS troubles cleared in 72 hours or less.

ANS Time Report

1. Applicability: Applicable to all ILECs and CLECs with 100K or > total access lines.
2. Purpose: Indicates distribution of live attendant answer times for calls by residential customers to the Business and Repair Office.
3. Proprietary data: N/A
4. Reporting Frequency: Monthly.
5. Due: No later than the last work day of the month (e.g., data for October due NLT the last work day in November).
6. Comments: N/A
7. Applicable performance measures: N/A.

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Customer Satisfaction Surveys

To be discussed.

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ATTACHMENT E

ATRP MEDIATION RULES AND PROCEDURES

- (A) Petitions for Mediation shall be filed with the Secretary of the Commission and shall simultaneously be served upon all the parties to the dispute for which mediation is being sought. At a minimum, the request for mediation shall include:
- (1) The names, addresses, telephone numbers, and facsimile numbers of the parties to the negotiations and their authorized representatives.
 - (2) A statement of the relevant background information regarding the dispute for which the mediation is sought.
 - (3) A brief position statement on each unresolved issue.
- (B) The parties to the dispute for which mediation is sought who do not join in the petition for mediation shall file replies to the petitioning party's request for mediation within ten (10) days of the date of service of the request for mediation.
- (C) Following the receipt of a request for mediation which complies with the above requirements and any replies thereto, a Commission representative will be appointed to lead the mediation of the unresolved issues between the parties.

- (D) Mediation is a voluntary, non-binding, alternative dispute resolution process to which the parties must agree to submit to. The mediator appointed shall be authorized to offer settlement proposals, but cannot impose a settlement on the parties. The mediator's primary role is to help the parties achieve their own resolution. Any party may request that the mediation be terminated at any time.
- (E) The mediator will schedule all meetings in consultation with the parties. Only the mediator, Commission staff members selected by the mediator or the Commission to provide technical support, and the parties to the negotiations may attend meetings unless all parties mutually consent otherwise. In order to facilitate settlement, the mediator and Commission technical support staff may meet with the parties individually.
- (F) The subjects of mediation are limited to issues that are within the jurisdiction of the Alabama Public Service Commission.
- (G) All discussions held during the course of the mediation are privileged and may not be used by any party in the course of any litigation or arbitration should litigation or arbitration become necessary.
- (H) The mediator may request that supplemental information be filed. The mediator cannot, however, compel discovery among the parties. All discussions and information exchanged during the mediation process will be confidential between the parties and the Commission unless the parties mutually consent otherwise. The mediator's statements as to law or policy

are not binding on the Commission and the positions taken by the parties during mediation will not prejudice their position in any later proceedings.

- (I) The parties to the mediation must be represented by participants who have the authority to enter into a settlement concerning the matters at issue.
- (J) The mediator may terminate the mediation if it appears in his or her judgment that the likelihood of agreement among the parties is remote or if a party is not participating in good faith, or for other good cause. The parties shall be notified in writing of such a decision by the mediator.
- (K) The parties preserve their legal position before, during, and after the conclusion of the mediation.
- (L) While it is contemplated that mediation will provide an opportunity to resolve differences between parties, mediation does not limit the parties' legal right to seek remedy through arbitration or complaints before the Commission or through an appropriate Court.
- (M) Mediation does not limit or preclude the use of other dispute resolution processes contained in any contract or agreement between the parties.